Worldwide

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YEWS SUMMARY

BUSINESS

Brazil

project

BRAZIL'S £280m Santa Cruz coal project, in Rio de Janeiro, involving Northern Engineering

Industries and Kloeckner IJK

has been cancelled. Back Page

to a fall—expected in be about \$2bn in \$3bn—in the value of

Britain's official reserves. Back

• UK BANK lending to manu-

facturing industry rose an esti-mated £1.1bn, 7 per cent, in the three months to mid-

TREASURY paper suggests

only about balf of sterling's rise

during 1979 and 1980 could be

attributed to oil revenue effects.

• FRENCH FRANC recovered

in the European Monetary System last week, having fallen

Tuesday. The French authorities

increased domestic interest rates

and Euro-franc rates so that by

EMS March 26, 1982

ECU OWENCENCE

Friday the French franc was

placed above the system's weakest member, the Belgian franc. These two currencies and

the Italian bira came under sus-

tained pressure, with central banks obliged to act in support.

The D-mark rose to the top of the system for the first time

since early October, followed by

managing director and chief

executive, Robin Taverner, is

ended November 20. Page 5

• CO-OPERATIVE Bank is

making big changes to the way

the entertainment

former

the Dutch guilder.

outside its divergence limit on

February, Back Page

GOLD price decline has led

coal

axed

GENERAL

c leumi (uk)

British marines leave for **Falklands**

Forty British marines were m their way to the Falklands yesterday as tension built over Argentine claims to the Britishowned islands in the south

The marines are intended to replace the present garrison but the crisis means these troops could stay, the Defence Ministry in London has indicated. Page 2

Palestinian clash Palestinian students in Kuwait clashed with police in a demonstration against Israeli action in the occupied West Bank. Page 2

N-weapon claim

South Africa has developed an artillery system capable of carrying nuclear warheads, the Inbannesburg Sunday Times

Eight freed

Eight white South Africans were freed after being held for nearly five months under the detentionwithout-trial security law.

Calais closed

Car ferry sailings to and from Calais were cancelled after industrial action closed the port for 24 hours from midnight last.

Carlos attack fear

Security around French President Mitterrand and ministers was tightened after fears of an attack by international terrorist

Policeman killed

A policeman was shot dead in front of his two toenage sons; as they left a Presbyterian church in Londonderry.

Paintings charge Unemployed youth Paul Wil-

tion with a knife attack on two paintings at London's National

Journalist jailed Senior Chinese journalist Li

Guangyi was jailed for five years for leaking details of a Communist Party meeting to a

Grocery index up

The FT grocery prices index rose in March for the eighth month running. Page 6

Wigan's 11-1 nap

Dominic Wigan, the FT racing expert, napped King's Glory, 11-1 winner of the Lincoln, the first big race of the flat season. • STONE-PLATT'S Racing, Page 8

Most of Mrs Mary Whitehouse's attempting to buy the group's electrical division. Back Page her recent case against The Romans in Britain play were paid by an anonymous well-£20,000 legal costs incurred in

Briefly . . . Two Russian men were sen-tenced to death for murdering a providing banking facilities. Moscow girl student. Somalia expelled Bulgaria's charge d'affaires for interfering • ACC, in internal security.

U.S. space shuttle Columbia is cheduled to land today after a its shareholders in take nn

action before April 5. Page 20

FT series on Tebbit Bill The Financial Times Labour Staff today begins a series of articles on the Employment Bill. This crucial legislation, now in committee stage in the Commons, is seen by unions, employers and the public as the greatest test of the Government's resolve, the means which could fulfil the promises to curb union power on which it was elected. The series will explain the Bill's main measures and point to the possible effects on Britain's industrial relations. Back Page and Page 7

Page 5

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Surveys:

Lawson plans to end state monopoly of electricity generation

CONTINENTAL SELLING PRICES: AUSTRIA 6ch, 15; BELGIUM Fr 30; OENMARK Kr 6.00; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS FI 2.25; NORWAY Kr 6.00;

MR NIGEL LAWSON, the Energy Secretary, plans to bring in legislation in the autumn ending the state mon-opoly of the generation of electricity.

Competition would be allowed by ending the ban on the private production and sale of electricity as a main business.

Mr Lawson mentioned the intention to change the law during a speech on energy policy at the Conservative Central Council in Harrogate over the weekend.

He said: "There was no case for a state monopoly in electricity. There should be increasing scope for private generation of electricity." He wished to remove the present obstacles.

Mr Lawson's proposal has yet to be approved by the legis-lation committee of the Cab-inet. The bill will compete with several others aimed at increasing competition in the state sector and providing other "goodies" in what will be the last full-length Parliamentary session before the

next election. Mr Lawson's determination to introduce more competition into state monopolies, particularly

ever, strongly supported by the nationalised electricity supply Any legislation will be accompanied by action to ensure that private-sector generators of electricity are able to sell to the private-sec grid at a fair price. There will also be changes in the terms un which private companies can buy back electricity from the grid if there is a temporary

break in supplies.

Existing legislation allows companies to generate electricity for their own use and to sell any surplus to private customers to the national grid, provided that this is a subsidiary and not the main purpose of their business. Mr Lawson's pro-

Many companies, particularly in the chemicals, paper, and food processing sectors, aiready produce their own electricity. Private generation accounts for about 18 per cent of electricity used in industry.

posals would remove that res-

triction

The impact of the change may be limited. When Mr David Howell, the former Energy Secretary, revealed in July, 1980, the general intention in remove the Central Electricity Generating Board's monopoly, immediate response that no group would eoter into major competition with the

industry. This is partly because of the high capital costs and lung lead times involved in constructing a power station and also because of fears of a return to monopoly by any incoming Labour Government.

The most likely response is the construction of small power plants for local demands such as the establishment of combined heat and power schemes on industrial estates.

The industries which at present generate electricity as an adjunct of their main activities may produce some more but they seem unlikely in shift the whole balance of their operations.

Some critics will see the idea, like the proposed introduction of competition into the supply of gas to industry in the current Oil and Gas (Enter-prise) Bill, as baving only a marginal sifinificance on the balance of supply.

The Government's view, with both electricity and gas, is that the ending of the state monopoly will in time lead to the provision of Increased supplies and will meanwhile iotroduce needed competition and incentives to efficiency for the existing state corporations.

Kuwait set to join Saudis in Nigeria oil sanctions

BY OUR FOREIGN STAFF

KUWATT joined Saudi Arabia ducers cut their production to oil majors begs an important vesterday in threatening same tions against oil companies unties they hereased shipments from Nigeria, which has become Nigerian output fell sharply he factor in the latest the hatting the head of the production level. less they hereased shipments Saudi light from Nigeria, which has become the focus of the battle to main from 1.2m b tain oli prices at present levels. The move comes as the dead-The chert shows the two constraints on European Monetary System exchange rates. The upper grid based on the weakest currency in the system defines the cross rates from which no currency (except the lira) may move more than 2½ per cent. The lower thert gives each currency's divargence from the "central rate" against the European Currency Unit (ECU) itself a basket of European currencies.

threatened by members of the Organisation of Petroleum Exporting Countries was due to expire later today. Saudi Arabia gave the oil companies until tonight to respond. Kuwait backed the Saudi suggestion that another emergency session of Opec be

called if the reply was not favourable. Sheikh Ali Khalifa al-Sabah, Kuwait's Oil Minister, claimed that all 13 Opec members were prepared to boycott the nil companies unless they restored shipments from Nigeria to previous levels. "Collective sanctions will be applied against these companies," he said on Kuwaiti television.

Nigeria is seen both by Opec and the oil companies as the weakest link in the Vienna agreement whereby the pro-

Nigerian output felf sharply from 1.2m b/d to 630,000 b/d

purchasing at the Vienna agreed price for Nigerian crude of \$35.50 a barrel. The market expected that the Nigerians would bring down their prices closer to the \$31.50 a barrel charged for comparable oil from

Saudi Arabia's threat, made known on Friday, is to force the oil companies in increase shipments from Nigeria and ease that country's balance of involving Gulf, Mnbil, Agip-payments and budget difficulties. Phillips, Elf, Texaco. Ashland caused by world over-supply

The threats by Saudi Arabia, and now by Kuwait, include cancellation of crude oil supply contracts and entitlements; a ban nn supplies to companies which have no current contract agreement; and efforts to extend the blacklist to bring in other Opec countries.

slump has been the inability of last week as buyers held off the Nigerian National Petro-purchasing at the Vienna agreed leum Corporation to sell its bajority share of total output.

The proportions are decided by the equity share NNPC holds in each joint venture nperating in Nigeria. The largest is between Sbell and NNPC, more than half total production; 80 per cent is allocated to NNPC and 20 per cent to Shell.

. In the other joint ventures, involving Gulf, Mobil, Agipand Panocean, NNPC owns 60 per cent of the equity. One reason Nigerian produc-

tion has been particularly vola-tile is that the NNPC has traditinnally concentrated sales among smaller traders, the first to pull out in a weak market. Most oil companies in Nigeria refused to comment yesterday. Feature, Page 18; Building and Civil Engineering, Page 28

The Saudi challenge to the

Jenkins against split leadership

Thursday has been nifset by the

calls of Dr Owen and Mrs Williams for a split leadership. Mr Jenkins is likely in get his

BY PETER RIDDELL, POLITICAL EDITOR

MR ROY JENKINS will not go along with suggestions from Dr David Owen and Mrs Shirley Williams that the leadership of the SOCIAL Democratic Party and the SDP/Liberat Alliance should be held by different people. He will seek both posts.
Mr Jenkins is, however,
apparently keen to preserve the spirit of the Gang of Four collective leadership of the SDP after the leader is chosen. He and nther SDP leaders believe this shared approach has worked successfully in the past year and that, assuming Mrs Williams becomes president nf the party alongside Mr Jenkins as Parliamentary leader, major roles must also be found for Dr Owen and Mr

Steel, the Liberal leader. There are signs that some leading SDP MPs may not be keen to bring forward the leadership contest from November to July. They want

SDP leaders will soon review

their strategy after Hillhead. In The leadership issue is likely an interview on LWT's Week-to be discussed by the Gang of end World programme yester-

Four this week. Mr Jenkins is day Dr Owen said an absolute understood in be annoyed that some of the impact in the party's standing of his victory possibility" and argued that at the Hillhead by-election last the party should seek in attract Labour voters in traditional in dustrial areas. An Opinion Research poll un

the programme showed that all way since be is supported both the main parties are level by Mr Rodgers and Mr David pegging. The aurvey carried out nn Friday showed the Tories with 33 per cent and Labour and the Alliance both with 32 per cent.

This balance tends to favour Labour because of its concentrato see how Mr Jenkins settles in again in Parliament, where he will take his aeat tomorrow.

SDP leaders will soon review for the Akliance will in practice give Labour an opportunity of winning power. Tories see hope for the future,

Rail tribunal may visit depots

BRITISH RAIL and union Industry's arbitration tribunal, to reach a solution to BR's favour of the union. flexible rostering dispute.

Members of the Railway Staff's National tribunal (RSNT), will meet assessors from all sides of the industry and probably spend the next three days visiting BR depots to see how flexible rostering would work in practice.

The tribunal is then likely to meet on April 13, to draw up its report. While BR is probably ready to impose flexible rostering if the RSNT decision goes for Aslef, the most likely outcome is a finding in favour of BR.

BRITISH RAIL and union The tribunal's terms of the whole tennr of such a officials will today meet Lord reference—on how not whether report would make rejection by McCarthy, chairman of the to implement flexible rostering Aslef very difficult. Further, Industry's arbitration tribunal, —make difficult a finding in in the report or privately, the The tribunal could emphasise

that about 70 per cent of BR's proposed flexible rosters give shift times of within 15 minutes of the eight-hour day, rather than making use of the full 39-hour week. extent of the 7/9-hour limits.

It could stress that the only way towards a 39 hour week-and the eventual union target of a 35-hour week-is through flexible rostering, as its own decision number 64 proposed. Aslef members would not enjoy the benefits of such a move if they did not agree.

The whole tennr of such a possibility of serious sanctions against Aslef could be empha

• Trains could continue to run as present, with drivers on a 40-hour week, and guarse nn a

 BR might withhold from Aslef members any pay award it makes this year if the RSNT's finding on flexible rostering is

■ The TUC might act against Aslef upon rejection taking it through the TUC's own disputes procedure threatening Aslef with suspension from Congress

CBI says orders have improved significantly

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Confederation of British that month to minus 50 per Industry this morning publishes cent, dropping further to minus Industry this morning publishes its most optimistic monthly report of industrial trends since the recession took a firm grip of manufacturing in the late spring of 1980.

books has improved significantly and export orders have con tinued to build up in the past three months. There is also less pressure for

higher prices, probably reflecting improvements in manufacturing productivity and profitability and a slackening in the rate of increase of raw material prices, including cuts in oil prices.

The results will encourage the Government in the wake of the Budget and Ministers are likely to greet the news as evidence that their economic policies are working.

Industrialists, bowever, will not want Ministers to exaggerate the importance of the results for political purposes because the rate of improvement is still very slow from a low base. There has not been enough progress to mark a guaranteed general lift-

The last government figures for industrial production showed decline in January for the hird month in succession, although this was partly blamed on strikes and bad weather.

Retail stocks are still too high for many companies, and de-stocking is continuing. Substantial numbers of employees are still being made redundant.

Nevertheless, if the general improvement shown in this month's survey continues at the beginning of May when the CBI publishes its more wide-ranging retailers, so slowing down the and authoritative quarterly impact of increased ordering trends survey, there should be on output volume.

For the second month runpected recovery later this year.
This is not likely to lead to
any reassessment of the CBI

economists' forecarts because they believe that this month's improvement is in line with their expectation of a 3 per cent growth in manufacturing output this year. The main optimistic indicator January in this morning's survey is the
assessment of total order books when many companies did not

made by the 1,930 manufactur- dare raise their prices because ing companies who took part in the survey during the first regarded as a positive sign, three weeks of this month, reflecting lower input prices of About half would have known filling in their questinnnaires. A balance of minus 42 per cent said their total order books were below normal, the best result since March 1980. In April 1980 the recession

hit manufacturing industry depending on progress sharply and the balance fell next couple of months.

PORTUGAL Esc 80; SPAIN Pts 85; SWEDEN Kr 6.00; GWITZERLAND Fr 2.0; EIRE 42p; MALTA 300

73 per cent in April last year. Two months are it stood at minus 60 per cent, but improved to minus 49 per cent in February.

The CBI says this morning's result "points to a continued improvement in manufacturing industry's demand," but warns that " order books, in relation to normality, remain historically

The figures also have to be qualified because companies have adjusted their assessment give a positive response for a lower level of demand than two

There has also been an improvement in export nrder ooks with a balance of minus 36 per cent of companies saying their export order books are below normal. This is considerably better than the balance of minus 60 per cent have adjusted their assessment per cent two months ago and minus 37 per cent last month. Best export results are in

food, drink and tobacco and chemicals and allied industries. Nevertheless the expected trend of output volume for the next four mouths shows a distinctly slower rate of improvement, with a balance of plus 4 per cent of companies

expecting a rise rather than This compares with a balance of minus 4 per cent expecting a fall a year ago but is only a slight improvement from plus balances of 1 and 3 per cent recorded in the past two months. This is mainly because stocks

remain high, especially among

ning there has been a reduction in the proportion of companies expecting higher rather than lower prices at which domestic orders are booked. This month's balance of 32 per cent fore-casting higher prices compares

with 40 per cent last month and

47 per cent in December and

of slack demand, this is now raw materials and improved perthe Budget's contents before formances in manufacturing companies

Linked with the fall in the retail price index to 11 per cent reported by the Government ten days ago, this indicates a pos-sible slackening in price rises. depending on progress in the the armed forces and police,

Gunfire and confusion mark start to voting in El Salvador

Sy Hugh O'Shaughnessy in

EL SALVADOR'S tumultuous election got off to an explosive start yesterday amid gunfire, allegations of fraud, and administrative chaos. Polling in the election for a 60-seat constituent assembly was disrupted in many voting centres by fighting between Greenreant forces. ing between Government forces and Left-wing guerrillas.

As dawn came, fighting between soldiers and guerrillas

broke nut in many parts of the capital, and machine-gun fire and explosions provided a grim overture to the start of polling. In Sao Antonio Abad, a workin-class suburb of the capital, a battle which cost the livea of 15 guerrillas and two Governmeot soldiers delayed the start of the voting for three hours. As the poll opened, the scene was one of desolation. The dead had been taken away, leaving buildings heavy machine-gun fire, pools of blood, and people in queues waiting in vnte bundreds of

yards long. In some ceotrea there was confusinn over procedures and the use of indelible ink, and some voting material supplied from the U.S. and printed in English. In the towns of Usulutan and

Zacatecoluca, heavy fighting continued well after the official npening of the poll.

The election, which is being fought by six parties of the moderate to extreme Right, have

been boycotted by the Left. The priocipal conlenders among the six parties are the Christian Democrats, led by President Jose Napoleon Duarate, head of the ruling civiliao military junta, and Arena, the Nationalist Republican Alliance, led by the Right-wing extremist, Mai Right-wing extremist, Robetro d'Aubuisson, While the Central Electoral Council has been doing its best

in extremely adverse circumstances, Dr Jorge Bustamante, the council chairman, recognises that arrangements are far from perfect Doubts have been raised about

the method of checking voters in the absence of any electoral register.
Electors may vote in any part

of the country on presentation of an identity card. This and the voter's floger are marked with a substance, visible only under ultra-violet light. substance has not proved effective, and, also some vnters are known to have up to 72 identity

Controversy around the size of the elec-torate. El Salvador's total population is put at just under 5m people, of which perhaps half are under the minimum voting age of 18. Discounting Continued on Back Page

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Palestinian students

PALESTINIAN students clashed of solidarity with the Palestin.

with riot police in Kuwait lans in Israeli-occupied territory,

Several people were hurt and dozens arrested in the worst outbreak of political violence the small oil-rich state has

riot police to break up the particularly watchful since the

demonstration. Stones were thrown at the police cars smashed, and tyres set on fire. Officials of the Palestine Liberation Organisation pleaded of a total population of about 1.4m.

in Kuwait had been asking the expressed the hope yesterday Government to organise a 10-that there would not be any minute general strike as a sign further demonstrations.

Israeli warning on

clash with Kuwait

police over Israel

BY JAMES DORSEY IN KUWAIT

yesterday during a demonstra-

tion against Israeli actions in the occupied West Bank.

wilnessed for several years.

Kuwaiti civilians joined the

with students not to take their protests to the streets. The PLO PL

to take over defence of sea lanes

By Charles Smith, Far East Editor-in Tokyo

THE U.S. Defence Secretary, Mr Caspar Weinberger, has suggested to Japan that working level discussions should be held this summer on a plan for Tokyo to take over defence of sea lanes in the north-west Pacific within 1,000 miles of its own coastline.

The proposal for discussions at working group level was made during weekend talks which the Defence Secretary held with Japanese leaders in Tokyo. He later left for Seoul where he is expected to underline the Reagan Administration's commitment to the defence of South

The extension of Japan's marine defence responsibilities has emerged as a potentially major issue to U.S. Japan relations. Mr Weinberger's proposal seems to have been greeted with a marked lack of enthusiasm hy both the Director General of Japan's Defence Agency, Mr Soichiro Itob, and the Prime Minister, Mr Zenko Suzuki,

Mr Weinberger was, in a sense, doing little more than follow up an initiative already taken hy Japan. During last summer's U.S.-Japan summit in Washington Mr Suzuki appears to have hinted vaguely that Tokyo might he ready to take over responsibility for the defence of sealanes beyond its own territorial waters—"within the limits"—of Japan's "peace constitution." Exactly what the Prime Minister had io mind has never been clarified.

Japan's post-war constitution has usually been understood to rule out any military activity by Japan other than strictly defensive action within its own land and sea frontiers.

If Japan agrees to Mr Weinherger's proposed talks, an attempt will presumably be made to present the discussions as concerned with an expanded "self-defence role" for the Maritime Self Defence Force.

But the U.S. presumably wants Japan to become a junior partner in a regional defence

Japan urged Latin America's growth slips to 1%

BY PETER MONTAGNON IN CARTAGENA, COLOMBIA

LATIN AMERICA suffered its liminary estimates by the Inter- of more than 5 per cent last of payments deficits have been Amehican Development Bank. Its annual report, published

today, says that economic growth for the region as a whole slipped to only 1 per cent in 1981—" a rate far from significant to cover the estimated rise in population." On a per capito basis, the in-

come of nearly half the countries in the region declined or failed to improve last year, the report says.

This economic stagnation stands in sharp contrast to 1980 when the region posted a real economic growth rate of 5.7 per cent. It is expected to be a major talking-point at the bank's annual meeting which opens bere today.

year. Mexico alone among the large and medium-sized countries surpassed that figure, the bank says.

The economic downturn in the Caribbean basis was particularly sharp, the report adds. Among the smaller countries there, from the substantial decline of 1978/9, grew at a rate exceeding 5 per cent.

In its gloomy report on Latin American economies, the bank says that the recession in the developed world, occupied with worsening terms of trade, has

worst economic setback in 20 Latin American member rates of economic growth can-years last year, according to pre-countries attained a growth rate not be maintained and balance increasing

> further fall in foreign exchange reserves last year. Harsh borrowing conditions in international capital markets led several countries to draw on reserves to cover their payments deficits. only Nicaragua, still recovering In 1980, the region's reserves had already decreased by \$20n (£1.1bn).

> > The region even had only mixed success in controlling inflation last year, it says, with the rate of price increases declining in 13 of its 25 Latin mately stable in six of them, \$1bn.

Only three of the bank's 25 This means that previous and increased sharply in the remaining six

Turning to its own business, the banks says it approved a secord \$2.55n in new loan com-Preliminary 1981 data Indi-mitments last year, 8 per cent cate that the region suffered a more than in 1980. Loan disbursements also grew by 8 per cent to \$1.54bn.

> Its borrowing in world capital markets rose sharply to \$797m from \$460m in 1980, oringing its total debt outstanding to \$3.5bn. By far the largest portion of last year's borrowing took place oo the Japanese market which provided 3303m equivalent in new money.

The bank's lending policy once again reflected the overall priority assigned to the energy and agricultural sectors. Lendmade it extremely difficult for American member countries, ing for energy related projects the region to expand its exports Inflation remained approxi- almost doubled last year to significantly.

mately stable in six of them. Sibn.



the ground for Versailles.

EEC seeks united front

By John Wyles in Brussels

EEC HEADS of government gather in Brussels today for their first summit of the year, preoccupied with the need to forge common positions on major political and economic issues ahead of key meetings with President Ronald Reagan of the U.S.

The EEC leaders, worried by the current range and depth of tensions in the Atlantic Aliance, want to present a united front to the U.S. President— one which will lead to constructive agreements on economic and trade problems and East-West relations.

The key meetings where they aim to take this stand are the seven-nation summit at Versaidles in early June and the Nato heads of government meeting a few days later.

As the host at Versailles, President Mitterrand of France is particularly anxious to prepare the ground for a successful

meeting.
This being so, it is unlikely that tomorrow's EEC communique will reflect the actual disenchantment in several Community capitals with Mr Reagan's domestic economic policies and their impact on international interest rates.

Nevertheless, the Ten are likely to repeat their concern about interest rate levels
The Belgians, who are presiding over the Brussels Summit; and whose Prime Minister, Mr Wilfried Macons, has written to his colleagues pequesting "a detailed exchange of views" on the Ten's relations with the U.S., will again press for efforts to secure U.S. co-operation in managing : interest

change rates. Several other Several other governments have doubts about the feasibility of such an approach. They are, In any case, more immediately accraed with responding to Washington's new campaign for co-ordinated action to cut the flow of Western credits to the Soviet Union and Eastern West Bank violence

BY OUR FOREIGN STAFF

Cabinet meeting, a statement said the Government would not change its policy and every-thing would be done to ensure

Seven Palestinians and one Israeli soldier have died in the past 10 days of demonstrations The worst wave of unrest in the occupied territories since 1967 was set off by Israeli attempts to remove elected local officials considered sympathetic to the Palestine Liberation Organisa-

Mr Yasser Arafat, chairman of the PLO, responded yesterday with the threat that his guerilla forces could not remain inactive In the face of what was bappening in the West Bank.
Mr Arafat said the Middle

East was on the verge of an explosion. "The situation in the area is on the verge of this explosion because of the criminal, fascist Israeli regime

THE ISRAELI Government said in Jerusalem, Mr Menahem vesterday that it would not Begin, the Prime Minister, is yesternay further violence in understood to have been the occupied West Bank and strongly critical of the opposithe occupied West Bank and strongly critical of the opposi-Gaza Strip. After an unusually tion Labour Party for failing to long four-and-a-half hour support Government measures. The West Bank and Gaza

"We know how dangerous a

demonstration can be in such a

small country as Kuwalt. That is

why we opposed it," a senior

The Kuwait Government

maintains a han on all political

demonstrations and has been

outbreak of war between Iraq and Iran 18 months ago.

PLO and Kuwaiti officials

with only scattered incidents reported. There are fears of more widespread violence again tomorrow during a one-day protest strike called by Israeli An estimated 15,000 people

were relatively quiet yesterday

took part in a rally in Tci Aviv. on Saturday to protest at the Government's "oppressive measures" in the occupied territories. Egypt added its voice to the

protests vesterday when General Ramal Hassan Ali, Foreign Minister, hinted that his Government would have to consider some form of action if the disturbances continued. ·He told a Lebanese magazine

that what was happening in the West Bank was a sorious obstacle to negotiations on Palestinian autonomy. If the disturbances continued there and its Nazi crimes," be said. was no During the Cabinet meeting move. was no doubt that Egypt would

Mubarak releases 201

PRESIDENT Hosni Mubarak of Egypt has ordered the release of a further 201 people arrested by the late President Sadat a month before he was

According to the official Middle East News Agency, they recanted their extremist religious views while in prison and no longer pose a security threat.

detained in September have now been released. A further 300 bave been charged with criminal offences such as lootbeen released. A further ng and arson during sectarian riots last June.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. substription lates \$365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing

Marine reinforcements sent to Falklands

BY JIMMY BURNS IN BUENOS AIRES AND DAVID TONGE IN LONDON

BRITISH MARINES were on Islands yesterday as tension continued to build up over Argentine claims to Britain's South Atlantic foothold.

The 40 marines were heing sent to take over from the present garrison but the mounting crisis could eause the troops already there to be kept on hand, the Ministry of Defence

A weekend meeting between chants landed suddenly on the they had flown from London, their way to the Falkland British ambassador Sir Anthony island of South Georgia-a is an unarmed survey vessel. the deadlock. But there was no official confirmation in Buenos

The crisis began a week ago

Williams, and Argentina's Falklands dependency—and Foreign Minister, Sr Nicanor raised the Argentine flag.
Costa Mendez failed to break The islanders retalized by

ransacking the offices of an Argentine airline in Port Aires yesterday of newspaper reports that two missile-armed Stanley, the Falklands' capital.

Argentine corvettes had set sail ice patrol vessel, the Endur- replied to the request. The ance, in the area The John countries' representatives have Biscoe, which is transporting been meeting about once a in London indicated yesterday, when Argentine scrap mer- marines from Uruguay where year.

Argentina has been claiming the 200 Falkland Islands ever since Britain raised its flag on them in 1833. A month ago the Argentine Government deman-ded monthly meetings, probably Britain has only an ageing the dispute. Britain has not yet at ministerial level to resolve

Bangladesh ex-Ministers likely to face trial

BY RICHARD COWPER AND SAYED KAMALUDDIN IN DACCA

FIVE FORMER Bangladesh number of senior officials. Ministers and a number of charges of corruption and anticountry's martial law chief, Gen. Hossein Mobammed Ershad, who seized power last week.

tions, they could face a possible death sentence or life imprison-

Gen, Ershad said that the desenior Government officials are 'posed' President. Mr. Abdus out any return to democracy in likely to he put on trial soon on Sattar, would remain at liberty. charges of corruption and anti-but warrants are out for the state activities, according to the arrest of at least five more former Cabinet Ministers who have gone into hiding.

The trials would start "very Under stringent and wide soon, as soon as the courts are ranging new martial law regula-constituted," the general added. He made it clear that "to stamp out corruption," he was going to take a tough line with offenders, So far, more than 250 people. There is little doubt that the bave been arrested, including trial will also be designed to outside the north-west Pacific. five former Ministers and a act as a powerful deterrent to adopted.

potential political opponents. Gen Ershad appeared to rule cantonment. Gen Ershad made the immediate future, though be did say be would consider with Chowdhury, would be merely a drawing the ban on political symbolic head of state and that activities in six months if the for the next two years at least, situation merited it.

Gen Ershad himself would run

He promised to hold elections the country. mic and political objectives of his new regime had oeen achieved. This might be preceded by a referendum to decide whether a parliamentary or presidential system should be

The general said the army had moved to save the nation from what he called "social and poliindiscipline, a serious economic crisis, uoprecedented corruption and a break-down of

Speaking at Dacca's military

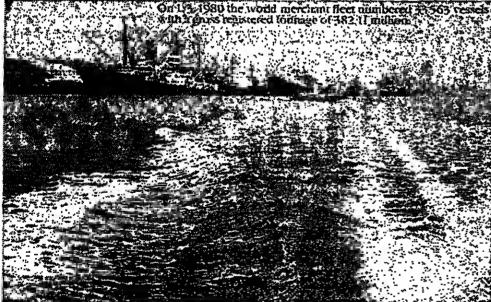
it clear that the country's new

president, Mr Absanuddin Chowdhury, would be merely a

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law and order.'

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WORLD TRADE NEWS

Portuguese groups to join Russians in Angolan dam project

BY DIANA SMITH IN LISBON

A CONSORTIUM of Portuguese builders and civil engineers has accepted a Soviet invitation to help the Russians build the

Rapanda Dam on the Quanza
River in Angola.

The Angolans have been
heavily reliant on Soviet technical expertise since the African country ceased being a Portuguese colony in 1975, although Portuguese involve-

ment is gaining strength.
The invitation came from
Technoexport, the Soviet technical export agency, and marks the first such association between Portuguese companies and an official Russian body.

The Russians will equip the dam while the Portuguese companies — Somague, Teixeira Duarte, and Engil — will build the dam, substations and power lines, open access roads and carry out geological work. Portugal will provide an export credit of \$230m, financed

by the Banco de Fomento Nac-iocal, the Portuguese Development Bank.

Teixeira Duarte, one of Portugal's larger civil engin-Portugal's larger civil engin-eering concerns, and specially trade picture is attributed to invited by the Russians to enter the European recession, extra the venture, also heads the energy imports, and the effects short lists for the high- of last year's drought.

technology reconstruction of the Tete bridge in Mozam-bique, a vital link in road com-munication between Mozam-

bique/Zimbabwe and Malawi.
The visit next month of president Antonio Ramasho Eanes to Angola — the first visit by a Portuguese chief of state since Angolan independence in 1975 — will provide another sour to the relationanother spur to the relationship between the two countries.

Portugal and Angola also
have signed a major economic

co-operation agreement after a week of talks in Luanda by Sr Joso Salgueiro, the Portuguese Finance Minister. guese Finance Minister. Angola's imports from Portugal increased by 55 per cent in 1981 to nearly \$200m.

Portugal's 1981 visible trade

deficit was the worst in its history: with a 10.5 per cent decline in the value of exports and 26.1 per cent increase in the value of imports, the trade gap stretched to \$5.64bm. Imports totalled \$9.5bm, an all-time record, while exports fell from \$4.62bm in 1980 to \$4.15bm. The reason for the dismal

GUANGDONG'S FOREIGN EXCHANGE BOOST

Benefits from West rise but corruption grows

nearly \$3bn in precious foreign nearly soon in precious foreign provinces anowed a tree name in making contracts up to a fixed manual manua

prises won by the province, as exceeded \$1.2bn over the last

ECONOMIC TIES between distinct from the central govern- three years. Joint enterprises pornographic and obscene dong to 11 other provinces. The rumours that share certificates Guangdong Province and Hong ment in Peking. Guangdong is with foreigners are flourishing elements have sneaked in from newspaper Wen Wei Po last were worth bundreds of thousand Macao brought China the chief among the group of throughout the province, especiation of the chief among the group of throughout the province, especiation of the chief among the group of throughout the province. the chief among the group of provinces allowed a free hand in

throughout the province, especially in the Special Economic Zones of Shenzhen, Zhuhai and Shantou where foreigners may invest on favourable terms. The standard of living in the province has risen to a new

level, the paper azid. But the Yangcheng Wanhao added, ominously, that "hideous paper urged.

Of the total sum, more than

Foreign investment in 440 instance of abandoning national and Hong Rong have recently s2.6bn was earned by entercapital construction items has and personal dignity" bave referred to a buge swindle occurred as capitalist "poison,

TV and video.

lawless elements in China.
Published reports from China which has spread from Guang-

termed "filthy activities" of In the fraud case, the persunggling, bribery, peddling of contraband and speculation stemming from smugglers in Hong Kong and Macao and from lawless elements in China.

Published reports from China.

Published reports from China.

Property of the persungants nearry \$10,000.

In the fraud case, the perinfluence, officials in Kaiping country in Guangdong recently insisted that over 90 per cent of the UHF aerials used for executing the perinfluence, officials in Kaiping petrators apparently stated that over 90 per cent of the UHF aerials used for executing for encashment. They vision be taken down. Present the perinfluence, officials in Kaiping country in Guangdong recently insisted that over 90 per cent of the UHF aerials used for executing for encashment. They vision be taken down. Present of the UHF aerials used for petrators apparently stated that over 90 per cent of the UHF aerials used for a perinfluence of the UHF aerials used for petrators apparently stated that over 90 per cent of the UHF aerials used for a perinfluence of the UHF aerials used for then sought sums to administer this process, then pocketed the cash from clients they had

lements have sneaked in from newspaper Wei Po last were worth bundreds of thous-broad" through channels like week disclosed an ingenious ands of dollars.

V and video. fraud that netted one of its In another example of
The newspaper cited what it participants nearly \$10,000. Chinese concern over Western Chinese concern over Western

viously, however, when similar campaigns have died down,

Romanians face criticism over debt restructuring proposals

MR GHEORGHE OPREA, Romania'e first deputy prime minister, is expected to run into strong criticism from businessmen during his visit to the UK this week because of the confusion generated by Romania'e debt restructuring

Mr Oprea will be accompanied by a major negotiating team including Mr Alexandru Margaritescu, secretary of atate for foreign trade, Mr Gheorghe Crainiceanu, deputy chairman for the Romanian foreign trade bank, and Mr Stefan Nitza, deputy director

of the ministry of foreign

particularly to companies in West Germany, France, the UK and Japan.

It is this conversion of supplier credit into bank debt that has angered West-ern suppliers, particularly in West Germany and the UK

sibility.

delivery, Romania gave the outstanding sums the status of credits by up to 6½ years for repay-ments if these trade debts are included in Romania'e rescheduling proposals.

payments problems are only temporary and that it is pos-sible to reach an acceptable agreement with both western banks and western suppliers. They point out, for example, that smaller commercial debts are being paid and that agreements on repayments bave been reached with suppliers in major coinvolved operation deals. However, the bulk

Romania's suppliers in the UK atill do not have any con-crete information on whether Romania intends to honour

proposals and that existing agreements with suppliers

credit subsidies mounts

ing that it is sometimes neces-

The vehicle for the exasperation is a war chest bill, before the Senate, sponsored by Senator John Heinz, the Pennsylvania Republican, which But there is only limited support would proved \$1bn to the Export-Import Bank of the U.S. after a rise in the export credit

The general U.S. position, held both by interested Congressmen and the Treasury, the U.S. negotiating agency on export credits, is that the greater readiness of European countries and Japan to offer subsidised export credits is depriving U.S. business not only of specific

11 mes 23

their intentions to continue in

per cent with immediate effect.

stringencies are perturbed about what is seen as a loss of markets through the predatory The U.S. has consistently financing of competitors,

The Exxon VLCCs sold were

all around 250,000 dwt and

would follow Exxon's lead while

A major part of the team'a programme will be to discuss Romania'e proposals to reschedule some \$3hn of Western debt doe for repay-ment in 1981 and 1982. The rescheduling proposals were telexed to Western banks at the end of last month and are believed to comprise a threeyear grace period, to be fol-

lowed by the repayment of principal over 31 years.

But the \$3bn figure given apparently incudes some \$300m in supplier credits,

First, they argue, trading debts are not bank debts, and the banks cannot negotiate on matters for which they have no legal or other respon-

Secondly, much of the money owed was never in-tended as supplier credit. Goods were supplied for paynot paying what they owed.

Thirdly, it now appears Romania is reneging on the agreements on the restructur-ing of its trade debts which It signed with a number of major suppliers last October. Under terms of this agree-ment, western suppliers agreed to wait for six months for payment of outstanding trade debts due for repayment before November 1, 1981,

companies may have to wait

But Romania insists its au(umh.

the agreements drawn up last This week they will be looking to Mr Oprea and his team to make clear that trading debts are not included in the rescheduling

> If not, many UK and West German suppliers are threatening to stop all sales to

U.S. opposition to export

BY PAUL CHEESERIGHT WORLD TRADE EDITOR

EXASPERATION is building in sought to bring export credit in the U.S. over the international guidelines for export ment with those of the market. credits as preparations move ahead for a negotiating session on interest rates among 22 industrialised nations planned for early May in Paris.

II S. Senators have been argu-U.S. Senators have been argu-

sary to show willingness to fight and win an export credits war in order to end the war.

At the May meeting, the U.S.

to match subsidised credit offers from competitors.

The general U.S. position, held both by interested Conchest bill as an additional sup-

contracts but whole markets.

Minimum interest rates under export credits are 10-11.25 per cent for all countries except Japan which has a rate of 9.25 per cent. But U.S. Eximbank rates are a minimum 12 per the Administration's economic that even adherents of the Administration's economic that even adherent that even a cent, with a lending fee and strict criteria on the nature of

the orders supported.

SHIPPING REPORT

of its large tankers for scrap.

Exxon made the sale as the tanker chartering market

BY OUR SHIPPING CORRESPONDENT

decision of Exxon to sell four pollution gear.

Treasury will seek minimum ex-port credit interest rate of 12

port for its negotiating position. The bill is a warning, that a breakdown of the negotiations in May retaliation. could provoke

But the bill is a weapon in eserve and there is little enthusiasm within the Reagan Administration for a Senate vote on the issue before the May

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And more time means more business. For more

send off the coupon below.

Those with a choice, he said. many independent owners may well ask: "Why are we would grow tired of doing busi-here at all?" BP itself had ness at current low levels. Soviet deficit with West MOSCOW—The Soviet Union's trade position with the West and Japan improved in the second balf of last year, but it still had a deficit for the year as a whole, according to figures published yesterday. The figures gave no indication of Moscow's bard currency trading position believed to have published yesterday. Figures in the monthly magazine Vneshnaya Torgoviya put the deficit for 1981 at roubles after a surplus in 1980.

To: Sonia Byrne, Monarch Marketing (BS4.5.3) British Telecom Enterprises, FREEPOSTLondon EC2B 2TS. Please send me more information on the new phone systems [] Please send a representative □ Name & Position. Company. Tel.No.

Exxon to scrap tankers

THE ever-deepening gloom in scrapped four hig tankers in the world tanker market was the past year, three equipped reinforced last week by the with latest safety and anti-

tanker chartering market around 10 years old thus being "appeared to have plumbed the among the fast generation of depths of despair." in the words of E. A. Gibson Shipbrokers in carriers).

of E. A. Gibson Shipbrokers in its weekly report.

"The forecast of a holocaust to come is predicted by many knowledgeable members of the industry, with no hope of a recovery for many years to come," it added.

Mr Ronald Mian, managing director of BP Shipping, told an international maritime meeting in London last week that

an international maritime meeting in London last week that 1962 would be a watershed year as owners faced negative rock bottom levels, in the certainty that other oil groups that other oil groups that other oil groups and while

flow problems.

865m (£665m) compared with Reuter **World Economic Indicators**

					over Consider	Index
	Fel: 8Z	Jan 82	Dec'81	Feb'87	year	Year
U.S.A.	141.8	139.6	143.2	151.8	-6.6	1976=100
	Jan 82	Dec'81	Nov'81	Jan'81		
Japan	150.5	149.8	150.9	144.7	+4.0	1975=100
U.K.	104.0	103.5	104.0	102.0	+2.0	1975=100
W. Germany	118.7	113.1	115.4	115.7	+2.6	1975= TOO
Tr. Genny,	Dec 82	Nov'81	Oct 81	Dec'80		
France	115.8	114.2	1145	117.2	12	1975=100
Netherlands	107.0	106.3	109.5	108.9	-1.7	1975=100
Italy	123.5 .	126.6	120.9	124.9	-0.4	1975=100
Source /except						-

INDUSTRIAL PRODUCTION

Tories see hope for the future despite Hillhead

Both Mr Parkinson and Mr

Mr Parkinson said that "for

"He has noticed that it ie in

Conservative seats that the SDP

After Hillhead there is likely

to be a review of presentation

of defence policy, especially the

Party managers reckon the

decision, particularly unpopular

in Scotland, cost their candidate

several hundred votes at Hill-

Mrs Thatcher went out of her

way in her speech to note that

present both the case for

Trident and, in detail, the

Otherwise, there was a tone

were virtually no

Mrs Thatcher confirmed her

perhaps the most interesting

"discovery" for a conference

There

decision to buy Trident.

a vote for Mr Tony Benn.

threat but an opportunity.

BY PETER RIDDELL POLITICAL EDITOR

SENIOR MINISTERS and Conservative Party managers appear Francis Pym, Leader of the remarkably unruffled in the Commons, developed the theme wake of the party's loss of the that a vote for the Alliance was Hillhead by-election.

They are confident that the economic indicators are moving Mr Benn the SDP is not a in their favour and that the party's political fortunes are starting to recover.

All they concede is that pre- is doing well. He knows that sentation of some policies, a large third-party vote is notably defence, needs to be imessential to a Labour victory." notably defence, needs to be im-

This was the theme of both public speeches and private comments at the two-day meetinfi in Harrogate of the central council of the party's activists. In her speech on Saturday Mrs Margaret Thatcher summed up this cautious optimism. But she conceded that only when competitiveness was turned into actual orders, real growth and this played a "considerable part" in the by-election and to the unemployment figures started coming down "will our people recognise that the tough Government's record on dismeasures of these last three armament. years have been worthwhile and right

"So far, they bave counted almost of self-congratulation at the cost, but they have not yet the meeting. This was partly begun to glimpse the prize. hecause the audience, 350 to Hillhead," she said "Was the 400, except for Mrs Thatcher's verdict of the voters on the speech, was predominantly sacrifices. They have yet to vote drawn from the middle-aged heart of the party establish-

on the success. The "official," and naturally ment. with hindsight, view of Hillhead is that there was never any "wets" in sight and hardly realistic chance of holding so anyone under 35 either. marginal a sest, that Mr Gerry Malone fought a good campaign, rapport with the Tory activists as did Mr Norman Tehbit and that the result was better than original fears of a poor Employment Secretary. But

This is huttressed by the claims of Mr Cecil Parkinson, star of the future was Mr the ever-bopeful party chairman, Kenneth Baker, Minister for that the Social Democrats had Information Technology, who done less well at Hillhead than clearly won over his audience at Croshy, and Croydon last in explaining, simply and autumn and that the Tories wittily, what his joh involved. should hold Beaconsfield, where The other main feature was the by-election looks increas- the further defusing of the law ingly likely to be on June 3, and order controversy, thanks the same day as the Mitcham to a skilful and emotional and Morden one.

The Hillhead result is, how law, Home Secretary, and ever, likely to lead to a change adroit stage-managing through of emphasis in the Tory cam- selection of two chairmen of paign against the SDP, now clearly regarded as the main threat to the Conservatives.

Belvoir coal decision divides **Cabinet**

By Peter Riddell, Political Editor

DISAGREEMENTS the Cabinet about the desirablity of mining for coal in the Vale of Belvoir, Leicestershire, surfaced over the week-end in a speech by Mr Nigel Lawson, the Energy Sec-retary. Mr Lawson said the green light" had now been given for mining in the area. The emphasis of his speech differs considerably from the cautious statement to the Commons last Thursday by Mr Michael Heseltine, the

Environment Secretary. Mr Heseltine refused permission for one of the proposed pits and indicated that approval for the other two would be given only after new and better plans were submitted to protect the environ-

Speaking in the Conservative Central Council in Harrogate, Mr Lawson was careful to stress his agreement with Mr Heseltine's decision.
Nevertheless, his markedly
more enthusiastic approach
to the project is likely to cause a Whitehall row.

There has been a fragile compromise between the Energy Department's wish to press ahead with the project and the Environment Department's desire to hold up approval for the time being and delay implementation

until after the next election. These differences are likely to be reflected in Department of Energy pressure to approve fresh applications quickly.
In his speech Mr Lawson

said the decision had "clearly given the green light to mining this valuable coalfield in the interests of the nation. That is the challenge to which the whole coal industry must now respond without delay." He welcomed the National Coal Board's urgent study of new applications as a "prompt and positive reaction." Mr Lawson noted that "were

it not for technical legal reasons about the form of the speech by Mr William Whiteboard's applications, and subject to satisfactory arrangements on spoil disposal, he police authorities and one (Mr Heseltine) would have prominent magistrate to speak given planning permission for two of the three mines."

Slimmer NHS will serve local needs

vice will notice any change. But on Thursday the service will undergo one of the most important changes in its history responsive to local needs and to cut management costs.

On April 1 the 90 area health abolished. This will leave the more important than the reday-to-day running of the NHS moval of a tier of health in the hands of 192 district administration. The NHS is to health authorities supervised by 14 regional health authorities, new measures announced in The three-tier administrative January-districts to regions structure unveiled eight years ago in the previous NHS reorganisation is in effect losing a tier. Wales and Scotland will be less seriously affected as both countries had one less tier than

of the NHS has been under discussion for several years. Powerful groups such as the medical profession had been against the 1974 reorganisation. And with the financial restraints on NHS spending, the general feeling in the Department of Health and Social Security was that the structure was too heavy. The failure of strategic planning after 1976 which had been envisaged as the key area health authority, role meant that the area tier was the obvious one

Local politicians, professional health service unions, all have that in the early years of re-an important say in the running organisation there had been a of Britain's health service. It mushrooming of administrative hospitals. The bulk of NHS makes central control difficult and clerical staff. and the term intervention is

anathema to DHSS mandarins, for the NHS in England last accounting for some 70 per cent The main control they have is a year of 820,700 full-time of total spending. Community arrangements were not satisf rather crude cash limit, and Mr Norman Fowler, the Health Secdesigned to make the NHS more retary, talks about reducing the 791,800. limited intervention in the run-

But such talk is accompanied authorities in England will be by a change that could be much by 10 per cent between now and be more accountable under and regions to the DHSS.

ning of the NHS,

Unfortunately for the "non interventionist" DHSS such changes have come at a time when the NHS is likely to experience strain. For the first time since 1951 planned NHS The structural reorganisation spending for 1983-5 will not show any real growth

The proposal to abolish the area tier was put forward by Mr sation though and one that Patrick Jenkin, then Health could outweigh the cash savings Secretary, in June 1980 in a is the uncertainty it has bred. paper "Patients First" which responded to the Royal Commission on the NHS which had re- the past year. Middle range ported a year earlier. The commission had said it considered there was one too many tiers. Among the complaints levelled against the 1974 re-

organisation with its emphasis corporate, consensus and multi-disciplinary management were that decisions were congroups scb as consultants and stantly referred upwards, and

Administrative and of the NHS. clerical staff numbers showed considerable growth in the 1970s. One of the aims of the reorganisation is to bring down the cost of managing the NHS

the end of 1984-85. Although evidence from the reorganised health districts is patchy, it appears that whila administrators and finance mately the same salary levels, nursing officers have received a boost to their pay. There are also considerable differences in the costs of management ser-

The main cost of the reorgani-Administrators have been concerned with reorganisation for appointments will not be made until the antumn and this obviously has had an effect on NHS management efficiency.

vices in differing regions.

The 1974 reorganisation did achieve one major henefit in changing the emphasis of the NHS from being in effect the controls national hospital service into an organisation which was more concerned than hefore with treatment and services outside spending though is still on Provisional manpower figures hospital care with hospital costs "ensured that the numbers of

thrust of the two changes in the NHS is the development of a system of accountability. Each tion would make fittancial the 14 regions will be formally reviewed by the DHSS each year with the regions carrydistrict health authorities they are responsible for. The aim will be to see how each part of officers will remain at approxi- the NHS is getting on in imple- hopefully, to greater efficiency. menting its plans, the standards of efficiency of services and the allocation of resources.

The reviews will be carried a meeting between the individual regional chairmen, top regional management and a DHSS ministerial team accom-panied by the department's permanent secretary. Such a change in emphasis is particularly marked because until now regional plenning had been examined at a very junior level within the DHSS.

What prompetd such a marked change was a highly critical report last July over the financial and manpower exercised over the NHS by the DHSS by the Commons Public Accounts Committee. Its comments on NHS controls were withering. The PAC doubted whether the devolved system had

IT WILL be very unlikely this week if any of the patients within the National Health Sersary to meet the objectives of the NHS." The monitoring equivalent staff showed an services such as chiropody are factory and the existing audit increase over the 1980 figure of atili very much the Cinderellas procedures within the NIIS meant that information was not

Arguably the more important readily accessible. The PAC report also pointed out that this week's reorganisamonitoring more difficult. The policy of accountability is the Government's response to such ing out similar reviews for the criticism, and officials argue that this should lead to much greater information exchanged in the NHS and

Two trial reviews in the Trent and Mersey regions have already been carried out this year. The Trent review highout on major issues within lighted a problem over nurse each region and will focus on training targets. The Mersen training targets. The Mersey exercise showed that the Liverpoo larea health authority was overshooting its cash target.

In order to gain more precise information about the way the NHS is run, a range of performance indicators bas been developed and these are currently used in the Northern region. The indicators make no judgment on the type or cost of treatment because circumstances vary so much that crude comparisons can be misleading.

But the performance indicators, officials believe, will lead to a surer basis for judging the expenditure of regions and districts, and provide at the very least a basis on which to ask the right questions in the annual review sessions.

Canadian paper mill plan faces scepticism

BY ANDREW FISHER AND PAUL CHEESERIGHT

THE £50m PROJECT by Consolidated-Bethurst of Canada to make newsprint at the former Bowater mill in Cheshire has run into considerable scepticism from potential customers in the UK newspaper industry. Concern bas arisen over

quality, mainly because the company will be importing most of the pulp from Canada rather than combining pulp and newsprint operations at one integrated mill.

take supplies until they are unless the quality of the paper papers which publishes sure about the quality of the met world standards," said Mr and News of the World. newsprint. Mass-selling tabloid T. Oscar Stangeland, the group's newspapers are particularly executive vice-president, pulp keen on good photo-reproduc- and paper. tion and paper strength

EEC tariff charges is linked project.

with their scepticism, and the effect on import quotas when Scandinavian producers have The Newsprint Raw Materials Committee, grouping all the hig UK users, has told the Governfree access to the Community ment that publishers have in 1984_

convert a pulp mill in eastern mill Canada to supply the UK paper mill at Ellesmere Port. The company says the final quality of its product will he high.

"We would not have made

The UK Government is pro-

Committee, grouping all the hig come from Canada. doubts about the likely quality Consolidated-Bathurst is also of the product from the mili, spending C\$105m (£47m) to now renamed the Bridgewater

dry pulp, which would have to be remoistened," said Mr Bruce Matthews, deputy chairman of the committee a nd managing Customers are reluctant to an investment of this magnitude director of News Group Newspapers which publishes the Sun

The UK-uses about 1.3m tonnes of newsprint a year, with Canada supplying around a third and the Scandinavlans, led by The complicated question of viding nearly £10m for the UK Finland, slightly more. About of some C\$14m for the Canadian

The Newsprint Raw Materials re-opened Bridgewater mill will The users' committee wants the current size of import quotas to be maintained after

the Scandinavians' status changes in 1984. It does not want to agree in advance to take "We're all sceptical about the newsprint from Bridgewater and project making newsprint from find that quotas for imported newsprint are then cut.
The EEC has a newsprint quota of 1.5m tonnes. Up to 1.5m

more can be allowed in under a special protocol if EEC producers cannot meet enough of the remaining demand. On Wednesday, Consolidated-

Bathurst will sign agreements with Canadian federal and provincial authorities on grants 60 per cent of the pulp for the end of the project.

Government attacked over whisky duty

THE GOVERNMENT bas been attacked for continuing to use inflation as "the lame excuse" for successive duty increases on

whisky. Mr Raymond Mignel, chairman of Bell's, Britain's market leader, said yesterday the Government should, instead, recognise the important role whisky played in contributing to the nation's healthy balance

Duty on Scotch whisky was now the highest in Europe, after Ireland, and be warned that the latest increase, in the Budget this month, could cause a further fall in bome demand. It was bound to bave a depressing effect on demand at a time when the market was not buoyant.

THE UNION STEEL CORPORATION (OF SOUTH AFRICA) LIMITED

(Incorporated in the Republic of South Africa)

-At the seventieth ordinary general meeting of shareholders of the Corporation held on 23rd March, 1932, the following salient points were highlighted by the Chairman,

GROUP INCOME TO DATE

The unaudited group income after tax for the four months ended 30th January, 1982, amounted to R2 825 000, which exceeded the income for the corresponding four months of 1980/81 hy 13.3 per cent. Despatches of steel products for the period under review, showed a decrease of 11 per

cent compared with the despatches of the corresponding four months with a resulting lower income for the steel division. The decrease in steel despatches can be attributed mainly to the lower despatches of special steels, including forged products. As a result of good market conditions, aluminium, copper and cable products improved

their respective incomes satisfactorily. The higher (prome is attributed to an improvement in despatches. Veldmaster and the foundry recorded losses during the period under review, due to keen price competition which resulted in under utilisation of plant capacity.

Depreciation and interest charges showed increases of R368 000 and R570 000 respectively. These increases can be attributed to higher capital investments with resulting higher funding requirements and higher interest rates. On the other hand, as a result of investment allowances on capital investments, the provision for taxation showed a decrease of R369 000. The higher income can be attributed mainly to the lower provision for taxation and LIFO adjustment, as well as the increased income from the non-ferrous division.

ECONOMIC CONDITIONS

We are living in a period which is marked by rapid changes, so much so that during the past six mooths conditions changed in a direction and at a rate that none of us expected. As you will remember, I predicted during last year that economic revival of the American economy cannot he expected, a view which today I want to reaffirm. What is most important, is that the U.S.A. economy deteriorated considerably and this tendency is still continuing. One example is the vehicle sales in the U.S.A., which turned out to be the lowest since 1957. The American steel, construction, motor and engineering industries are in an economic dilemma. The same applies to Europe, where Germany, as the leading industrial country, is also experiencing great difficulties.

Bankruptcies are increasing rapidly and I predict that the smaller and medium-size companies in foreign countries, as is the case in South Africa, are heading for difficult times during the coming two years and quite a number of them will disappear from the scene. A revival of the world economy cannot be expected without a revival of the American economy and for this reason we can expect very difficult times in the Republic during 1982 and 1983. Factors which we will have to face, is the exceptionally high prevailing interest rates which will have a detrimental effect on the demand for steel for the construction and building industries. Furthermore, the sharp fall in the gold price will together with the resulting influence on the profitability of the goldmining industry, affect the capital investment programmes of the mines. This will have a definite effect on the demand for steel in general.

The Minister of Finance has a difficult task concerning the deficit on tha balance of payments and he will have great difficulty to make ends meet. Government spending. as a result thereof, will inevitably ha on a lower level and investments in the infrastructure including the railways, post and telecommunications, roads and bridges will definitely be adversely affected. The demand for steel could, as a result of these factors, he negatively influenced.

The prospects, however, for copper, aluminium and cable products are more promising. Despite the difficult times which the country is experiencing, it is expected that the results for the current financial year will not be lower than that of the previous year. The board of directors and management of USCO are fully aware of the situation and everything possible will be done to minimise capital expenditure, eliminate inefficiencies, increase productivity and all the tike factors which is the only answer to stagfiation-a period where recessionary tendencies is present in spite of a high rate of inflation.

Dr. M. D. Marais, Chairman of the Board 23rd March, 1982 Issued from: 40 Holhorn Viaduct, London ECIP 1AJ

'Unparalleled vision' in training plan By Alan Pike

THE GOVERNMENT'S New Training Initiative White Paper contains a vision "unparalleled in the history of education and training" in Britain, Sir James Hamilton, Permanent Secretary at the Department of Education, told the Council of Engineer

ing Institutions. Sir James, giving the council's 26th Graham Clark Lecture, spoke of the scheme's proguarantee of a year's foundation training from September 1983 for all schoolleavers of 16 without jobs with a possibility of its later including employed young

Behind the bureaucratic words of the White Paper, he said. was a vision for development of individual young people, and for the skill and resource fulness of the working population, not seen hefore. Industry and education to-gether had to make it a

Huge task

The task was buge. Even the first relatively modest target of covering minimum-age school-leavers without jobs meant moving from 190,000 in the Youth Opportunities Programme to 270,000.

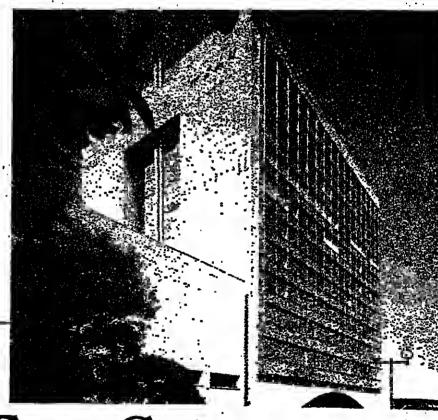
And even if we confine the age range to 16- and 17-year-olds, to give all young people ing and education requires a move from the present figure of 190,000 to a new target of about 600,000.

Moreover, all this has to be accomplished within a complex web of relationships between those involved—between central and local government, between educators and trainers, and within a complicated, sometimes confusing, array of institutions."

Market signals

The "joker in the pack" was the part played by employers in providing training and education. The present market signals between the individual, the education and training systems, and the employer were simply not

he system of industrial apprenticeship which had its origins in the 19th century. was one of the more eccentric aspects of national conserva-tism. With increasing numbers at school beyond compulsory leaving age, it was foolish to insist that the maximum age to enter apprentice ship stay at 16.



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The Chiba Bank, is pleased to announce the opening of its London Representative office, a vital link in a correspondent network covering 764 offices in virtually every major city in the world.

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12. Prin 29 1982

Trustee Savings Banks' combined appeals over Clore's profits fall 27%

clearing bank where the proportion is about two-thirds.

The TSBs' customer balance

grew only marginally, implying

Current account balances rose 12 per cent in £622m, and time

The sharp growth in manage

ment expenses partly reflects the banks' ambitions to offer a

broader range of services. The increases ranged from 13.6 per cent at the TSB of Tayside and Central Scotland to 29.7 per cent at the TSB Eastern England.

The investment in manage-

scope for improved efficiency, were delay At the TSB of the Channel the estate.

increase/ (decrease)

ment should, in time, show through in higher profits but

Isles, the second smallest of

to 1.26 per cent of customer balances while at the TSB of Birmingham and the Midlands the proportion is 4.74 per cent.

siderably. Generally, the banks with smaller management expense ratios are more profit-

able, Several smaller TSBs rank

in this category.

TOP SEVEN TRUSTEE SAVINGS BANKS-1981

Co-operative Bank raises

points.

savings in costs."

million customers. The retail societies are in the unusual position of being both its share-holders and agents.

estates available NOW Superis

If you want to move up in the

spectacular countryside and

world move your business to

Roger Leadbeter, Chief Erec

Blaenau /

social and leisure facilitie

For more information

commission to stores

BY OUR BANKING CORRESPONDENT

THE Co-operative Bank is

way it reimburses retail . Co-op

societies for the provision of

banking facilities. The effect will be to increase commissions

substantially and reduce the

criticism in the retail side of

the movement that the fastgrowing, Manchester - based Co-op Bank was not compensat-

ing the local societies suffici-

its custom on the 1,000 Handy-

banks in Co-op stores and 3,600 cheque cashing facilities. The bank proposes to increase commissions substantially, move

much of the routine paperwork done by the stores to its auto-

mated customer service bureau

at Skelmersdale and provide an

incentive scheme to encourage

the shops to introduce new

the heart of industrial South Wales - an area where industrial

development really does mean growth and profitability. Askany

of the American, European or

Japanese companies who have relocated to Blaenau Gwent.

Incentives to companies expanding or relocating in Bluenan Gwent are the best in the United Kingdom: Special

Development Area Status for the

best financial package. Stable skilled work force and ample

rail, road, air and sea links. Advance factories and building

ently for providing facilities. With only 70 branches, the Co-op Bank relies for much of

There has been growing

stores' workload.

the TSBs in terms of assets. management expenses amount

BY WILLIAM HALL, BANKING CORRESPONDENT

THE PROFITS from most of Britain's 16 regional Trustee Savings Banks, which together constitute the fifth largest force in High Street banking, fell

sharply last year.
The combined pre-tax profits of the 16 banks, which range in size from the TSB of the in size from the TSB of the Channel Isles, with just eight branches, to the TSB South East with 230 branches, fell 27 per cent to £73.1m in the year in November 20, 1981. The drop contrasts with the experience of the UK clearing banks where profits were generally

Performances varied from bank to bank, where the three biggest—TSB South East, North West and Eastern England— showing falls in profit, ranging from 21 per cent to 51 per cent, while some smaller banks

raised their profits.
Generally, performance suffered from markedly higher revenues and sluggish asset growth. Allowing for inflation, their business volume shrank.

The TSBs, which together have 1,650 branches, are furning into full—acres in the formula of the capital ratios in line with official targets.

Management

have 1,650 branches, are turning into fully fledged banks but their progress is kimited because they are still required to keep a large portion of their funds in low yielding investments with the Government.

The Treasury is imposing strict controls on the growth of their higher yielding assets in areas such as home loans.

The combined assets of the 16 TSBs rose 5.9 per cent to 16.7bn last year. Net interest revenues rose 2.2 per cent to £287m while management expenses rose 23 per cent to £238m. The figures are compiled. from individual banks' balance Nnrthern Ireland emerges as heets, most profitable with a return The TSBs increased their of 2.04 per cent.

South East

Revenue estate

and the second s

By Raymond Hughes, Law Courts Correspo

TWO High Court rulings con-cerning the late Sir Charles Clore's estate will be challenged in the Appeal Court today. £654m but this accounts for less than 10 per cent of their balance The Inland Revenue is trying

to exact capital transfer tax on the UK estate, which is thought to be worth between £30m and

It is appealing against a ruling last March stopping it that they are continuing to lose market sbare to the building societies and clearing banks. serving legal proceedings in Jersey on Stype Investments (Jersey), which transferred to the island the £20.5m proceeds deposits grew by 10 per cent to £4.1 bn, but savings accounts fell 9 per cent to £1.31bn. of sale of Sir Charles's Gny's Estate in Herefordshire.

The Revenue, which has assessed the CTT on the sale proceeds at £15m, bad argued unsuccessfully that Stype, a company controlled by a Jersey settlement set up by Sir Cbarles shortly before his death in 1979, bad "inter-meddled" in the estate.

The Appeal Court will also hear an appeal by Sir Charles's executors against an order made last December that the administration of the estate be temporarily taken over by the Official Solicitor, The Revenue bad complained that the executors, Mr Nathan Mayotos and Mr Joseph Kaierer,

who are also directors of Stype,

were delaying administration of

Why an old family company chose closure Alan Pike looks at a pioneer

MANY MONTHS of painstaking effort came to fruition for Lazard Brothers, the merchant bank, last week when it announced agreement on a voluntary rationalisation scheme in the high-alloy steel castings

industry. The scheme is a rare and remarkable example of co-opera-tion at industry level. Five companies will voluntarily cease production and receive compensation from a levy paid by 11 of their competitors who will continue in operation.

week's delicately engineered breakthrough could prove the pioneer for similar self-help rationalisation scheme in the castings industry and With this important objective

to play for, the Department of Industry, the Bank of England, Finance for Industry and the Finance for Industry and the Steel Castings Research and Trade Association all joined Lazards in backing the scheme and helping bring it to fruition. But in the tiny boardroom above the Shakespeare Works in Salop Street, Bolton, Lencs, Mr. John Holt and Mrs Doris Ellis, his mother, were faced with a decision which makes the contribution of these august insti-tutions appear trifling by com-

Last week Mr Holtn travelled to London and finalised the decision with Lazards representatives. Next day he returned to Bolton and told a the old family company of self-help rationalisation scheme

Thomas Carling is not the biggest of the companies that bave volunteered to cease production under the Lazards scheme. Its 43 redundancies contribute in a total of 400.

Most of the 15 other foundries involved in the rationalisation are part of larger, well-known groups, and three of those withdrawing from high-alloy steel static castings production will confinue in make other castings.

For Thomas Carling it will which started in Salop Street in 1834. The Methodist revival was the big business opportunity in those days, and much of the company's output finished up as fittings in ohopels.

Today's customers include the chemical, petrochemical, food and offshore industries, Although the customers and products have kept pace with the times, the order book has not

kept pace with rising costs. Total production has slumped from 172.6 tonnes in 1977 to 73.7 last year. Stainless steel castings, now the company's main product, have declined over the same period from 151.8 tonnes to 56.7 tonnes.

A portrait of Mrs Ellis's father haogs in the entrance to Thomas Carking, which has been the works, alongside a Lowry increases in the rost of raw producing castings in Bolinn for print which provides completely materials and high energy and

most of the industrial era, must unnecessary confirmation that Salop Street is in the heart of the old industrial North.

Mr Holl deputy managing director, joined the company after a death in the family as soon as he left university in 1956, and has worked there ever

of his employees Same followed similar careers, joining as apprentices and remaining with Thomas Carling throughout their working lives.

Mr Holt knew by Christian

name everyone whom he pre-pared for redundancy last week. Against such a background, words are superfluous when he says that the decision to close waa painful.

He tells of the efforts the company made to avoid the decision. such as a diversification attempt. and some 30 redundancies last year. The former did not succeed, and the latter did not stem the tide of decline.

way, we would not have agreed gradual decline in business since the mid-1970s accelerated into very steep decline.

"Intense competition and over-capacity in the industry have made it impossible to set prices at realistic levels, while we have had to meet big

"Our customers have cut their atocks to the tightest possible level. People who used to order 20 or 30 items at a time have cut down to three or four, and it becomes uneconomic to meet these one-off orders.

"Other factors have contributed, too. ft can be very difficult for a small company to meet national level pay awards and things like the introduction of the 39-hour week at a time of recession.

"The trouble is that all these factors came together at the same time. We still have the support of some very loyal customers.

"But when my mother and I met with other members of the family to discuss the Lazards proposals there was only one course we could take." Lazards handled the negotiations really well. One of the conditions of the scheme is that

we have to provide the surviving companies with details of customers. "I hope that the rationalisa-tion leaves the industry in a healthier state, although I am "If there had been any other rather worried that most of the Will they be interested in the small orders that we have

> handled when the market picks up? We had a take-over approach from a big group wanted Thomas Carling to keep its own identity after all these had nu option but to go into the Lazards scheme."

fears further rise in jobless

Cleveland

By Nick Garnett, Northern

AN ECONOMIC assessment by the County of Cleveland, which has the highest unemployment rate in mainland Britain, says memployment is likely to rise to 22 per cent in the area next

Unemployment in the county, which includes Middlesbrough and Hartlepool, has risen from 4.7 per cent to 18.9 per cent since 1975.

The report says investment per capita in Cleveland has been higher than the national rate,

but the county's industrial base is narrow. The report says 38,000 new

jobs would be needed to return to the employment levels of The report says there is "a considerable degree of ignorance

amone ministers and civil ser-vants" on the depth and nature of problems facing Cleveland. The area suffers badly from ong-term unemployment. January almost 20,000 had been memployed for more than a year and about 40 per cent of inemployed males had been without work for more than a

Unemployment among young people has risen by almost 40 per cent in the past year and is double that of two years ago,

"The company has decided to use cars for business travel."

"The company has decided to use cars for business travel."

"The company has decided to use cars for business travel."



Many companies hear no evil, see no evil and will speak no evil of the company car.

In fact the company car is so much taken for granted you may have long since ceased to evaluate its real effectiveness.

The company car no doubt has some advantages. But for longer trips it can be one of the slowest ways of getting from A to B.

And what exactly are your executives doing all the time they're in the car? They can't prepare for business meet-

ings, they can't relax, they can't even think. And yet you pay them every moment

they're in the car.

Pay them in effect for doing nothing. Now, suppose they leave the car behind

and take the train. They will be safer.

They will almost certainly arrive quicker. They can relax in air-conditioned comfort on many trains, sit back in ergonomically designed seats, and give their full attention to any business problem that needs solving.

On Inter-City trains there is ample desk space and a virtual guarantee of freedom from interruptions. Which means an exceptionally high level of productivity. Perhaps even higher than that achieved in the office.

Which makes the true cost of train travel very low indeed.

Undeniably, the car has its place. But for longer trips, especially, there's a lot of wisdom in opting for the train.

This is the age of the train =

DHSS unveils £1½bn scheme for all to retire at 63

A SCHEME UNDER which both men and women would retire on full state pension at 63 was put forward last week the Department of Health and Social Security.

The Department unveiled details of the scheme at a parliamentary committee considering retirement. It would bring to an end sex discrimination within the present state scheme.

on for employees to retire mission has been pressing for earlier at any time from the changes for many years. Penage of 60, but their state pension would be reduced by 8 per cent for each year of retirement

In addition, the scheme pro- sions. vides for employees to defer no provision for state pension since they would expect a full

tell them about its markeling

aim would be to undercut the recently-launched Talbot Samba

Competition among budget-

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD MOTORS called its major priced cars has intensified

dealers together yesterday to recently. Apart from the Samba,

strategy for the next few the City, which sells at £5 less that the Fiesta Popular, which

the group is to launch a cut. at £3,255 is Ford's cheapest car.

According to trade gossip, the share dropped 1.6 per cent common would be to undercut the pared with the same period of pared with the same period of

trations.

up to five years after these ages with an increased pension. There has been growing pressure from many sectors to end the age differential between men and women and to introduce a more flexible scheme. The scheme also proposed an The Equal Opportunities Comsinn schemes were excluded from the 1975 Sex Discrimination Act because there would

The Government has put off retirement beyond the age of 63 changing the present scheme and qualify for a higher pension, because it was caught in a Under the present state dilemma. It said that raising scheme, men qualify for pension the retirement age for women at 65 and women at 60. There is would mean breaking faith

there is BL's tow-cost Metro,

During the first two months

1981. This was due almost

entirely to a fall in Fiesta regis-

Aluminio Español, S.A.

U.S.\$200,000,000

be separate legislation on pen-

pien. It was estimated four years ago that it would cost £2bn a year to pay pensions for men retiring at the age of 60. Such costs could only he met by higher National Insurance contributions.

But there is strong pressure world-wide for earlier retirement and a common retiring age. The French Government last week announced plans to reduce the retirement age from 65 to 60. Both the TUC and the Con-

want retirement at 60 for all employees. Other organisations been more concerned with the

ment thao with its effect on

given a boost by the launch of

Ford obviously has some room

of 1981 the Fiesta range was main dealers.

rations.

of this year year the company to get the last few models moved which goes
Fiesta won 6.1 per cent of has been able to give bonuses resulted in some heavy and the autumn.

the Fiesta Popular and Popular on the Cortina range and on the

for for manoeuvre with Fiesta bave also received £50 for every

pricing. During its marketing car sold.

campaign for the first quarter The scramble by some dealers

Your Edge in

Merchant Banking.

Ford dealers meet amid speculation over cut-price Fiesta launch

federation of British lodustry

before these ages, even though pension at 60. And it claimed unemptoyment. They have the employee may have retired, that it would be too costly to called for a complete review Retirement can be deferred for lower the retirement age for of the age of retirement with a system of flexible retirement from 60.

> The department's scheme is a compromise in that women would retire three years later and those wanting to retire a: 60 would receive a lower pen-It remains to be seen wbether the Government will grasp this nettle and its consequences for women voters. Men would retire two years earlier oo a full pension.

that the scheme would cost £11bn to introduce and a further £500m a year once it is established.

The department estimates

social consequences of retire- likely to centre on the reduced mean moch higher pension pensions for early retirement, costs for employers.

year. However, in the early part usual discount-181 per cent for far in March compared with

11 litre Escort. Dealers meeting first-quarter sates targets

There have been bonuses, too,

Eric Short looks at pensions and the call for change particularly those for women. courage early retirement.

The Equal Opportunities Commission welcomed the scheme as the first step towards a common retirement age. But it would need to study the proposels in delail. No indication was given con-

cerning the effect of such proposals on occupational pension schemes. Most privale pension schemes follow the state in fixing retirement ages and have stated emphatically that private pension schemes could not bave a common retirement age until the state scheme was implemented.

The National Association of Pension Funds warns that such a change needs to be phased in over a long period to make Criticism of the scheme is it viable and that it would

28.35 per cent in February.

man, had to explain how the

months of the Cortina, for years

Britain's best selling model,

Canadian Pacific Limited a Artistano i frantesis do refe

Vaughan attacks 'abuse' of liquidation

By David Churchill, Consumer Affairs Correspon

DR GERARD VAUGHAN, the new Minister for Consumer Affairs, yesterday strongly condemned companies who used voluntary liquidation " as a commercial device for the exploitation of consumers."

Consumer redress is a complex matter," he told the delegates at the annual Consumer Congress meeting in Guildford. It includes the whole issue of insolvency, oo which I have received a report from Sir Kennelh Curk's cummittee. which will be published as soon as possible."

He described the use of volun-tary liquidation as a " monstrous 10 avoid a trader's responsibility. " It is of great concern to consumers who have paid in advance for goods from traders who then go out of business only to carry on the same business under a different

new car sales in January and of £400 to some dealers for each overtly advertised price-cutting. February compared with 8.1 per vehicle sold. The bonus has this helped lift Ford's market been awarded on top of the share to nearly 33 per cent so Mr Michael Shanks, chairman of the National Consumer Council, urged Dr Yaughan to 31.5 per cent in January and "fresh look" At yesterday's meeting, Mr problem of product liability. Opponents to changes of the Sam Toy, Ford of Britain chairpresent laws have "put up a group would handle the last few smoke-screeo of irrelevancies aod half-truths to prevent consumers gelling the right of which goes out of production in redress for faulty or dangerous goods," he said.

Higher vegetable and fruit prices hit FT shopping basket

BY OUR CONSUMER AFFAIRS CORRESPONDENT

Grocery Prices Index rose again taken as an al in March for the eighth month of price levels. running.

The March index, based on data from stores throughout the UK, stood at 146.71. Last month, the index was 145,83. due to a general aeross-theboard increase in food prices.

month as the repercussions of still being felt in the shops. more than 100 grocery items are the same sample each grocers to large superstores. The index, however, is meant

FINANCIAL TIMES food prices. It should not be taken as an absolute indicalor

The fresh fruit and vegetables secling of the shopping basket - the only section to show a marked increase this month - rose in cost from The rise this month was mainly £315.56 in February to £325.20 this month

oard increase in food prices. According to the Fresh Fruit But fresh fruit and vegetable and Vegetable Information prices rose the fastest last Bureau, "green vegetables are not plentiful at the moment as the had winter weather were crops were held back by the ill being felt in the shops. bad weather at the beginning. The index is compiled from of the year." It reports that information collected by 25 cauliflower is a little cheaper shoppers who monitor a list of while "spinach is a good buy."

The FI Grocery Prices Index each month. The stores, which is copyright and may not be reproduced or used in any way month, range from small village without consent. All inquiries should be made to tucinda Wetherall at the Financial only as a guide to trends in Times.

FINANCIAL TIMES SHOPE MARCH 1982		
	March £	February £
Dairy produce	731.29	730.32
Sugar, coffee, tea and soft drinks	212.28	213.17
Bread, flour and cereals	326.35	320.56
reserves and dry groceries	117.58	117.17
sauces and pickles	56.71	56.48
Canned foods	199.94	199,33
rozen ioods	254,90	252.96
Meat, bacon, etc. (fresh)	642.01	644.67
ruit and vegetables	325.20	315.54
Non-foods	253.55	250.35
Total	3,119.22	3,100.59

1981: January 130.96; February 131.75; March 132.75; April 134.93;
 May 336.30; June 137.37; July 136.62; August 135.50; September 136.60; October 137.49; November 140.51; December 141.24,
 1982: January 144.81; February 145.83; March 146.71.

Redman Heenan makes agreed offer for Consine

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

REDMAN HEENAN Intertional has made an agreed offer its test equipment interests and for Consine International, a is now one of the world leaders specialist engineering test a 28 per cent stake.

ence to a performance-related furniula with stage payments being made over the next three

Consinc. a private company formed in 1968, designs and supplies. chassis dynamometers, which complement the testing group of companies, part of has formed a test plant divi-Redman Heenan. Consine sion." at its offices in the UK and U.S., also makes specialist test plant

for tyres, gearboxes and brakes.

In this specialised area of equipment company in which engineering. It recently set up the British Technology Group's a plant in the U.S. which National Entryprise Board has assembles, tests and services 28 per cent stake. dynamometers and has secured The price of the acquisition a major order from Ford Molors is to be determined by refer- to supply its plant to Mexico.

Froude has been expanding

operale as a separate company, But Mr Arthur Shillito, chairman of the Froude companies, stated that "in order to coordioate and implement the business growth plans of the related activities within the Kedman Heen

which employs more than 100 . Mr Brian Morgan, managing director of Consine, has been appointed to the Board of the

This week in **Parliament**

Commons: Debate on the UK Trident programme. Motions on Wool Textile (Amendment)

Lords: Copyright Act 1956 (Amendment) Bill, Committee.
Shops Bill, Committee. Local
Government (Miscellaneous
Provisions) Bill, Committee.

Select Committees: Treasury and Civil Service—subject: The 1982 Budget and the Government's expenditure plans 1982-83 to 1984-85. Witness: The Rt. Hon. Gordon Richardson, MBE. Governor of the Bank of England. (Room 15, 4.30 pm.) Public Accounts — subject: Investment in Hebridean fish industry. Witnesses: Mr R. Cowan, Highlands and Islands Development Board; Dr R. G. L. McCrone. Scottish Economic Development Department (Room 16, 4.45 pm.)

Foreign Affairs - subject: Caribbean and Central America: British approach to securitry, stability and develop-ment. Witness: Mr Paul Sutlon. (Room &, 5.00 pm.)

TOMORROW

Commens: Fire Service College Board (Abolition) Bill, remaining stages. Motions on Gas Levy Rate Order. Motions on National Health Service (Dental and Optical Charges) Amendment Regulations, and on the Local Government (Direct Labour Organisations) (Competition) Amendment Regulations for England and

Wales and for Scotland.
Lords: Administration of
Justice Bill, Committee, Debate on EEC Farm Price Proposals for 1982-83, and the guidelines for European agriculture. Debate: Polish Government's obligations under the Helsinki

Declaration. Select Committees: Environment — subject: Inquiry into methods of financing local government in the context of Government's Green Paper (Command 8449). Witnesses: National Union of Ratepayers and Professor J. D. Stewart

1Room S. 4:00 pm.)

Parliamentary Commission for Administration — subject:
Reports of the Health Service Commissioner Witnesses: Staffordshire Family Practi-tioner Committee. (Room 5,

subject: The Work of the Commonwealth Development Corporation. Witnesses: Commonwealth Development Corporation (Poewlopment Corporation (Poewlopme

poration. (Room 18, 5.30 pm). WEDNESDAY
Commons: Oil and Cas
(Enterprise) Bill, Remaining

Stages.
Lords: Debate on the prob lems of the regeneration of the incer, middle and ouler areas of old cities. Debate on the Consultative Document on the Reform of the law relating to Copyright. Design and Performer's Protection. Debate on

the Queen's Flight.
Select Committees: Defence subject: Ministry of Defence Organisation and Procurement Witnesses: Department of Industry. (Room 15, 10.30 am.)
Public Accounts — subjects: Financial assistance to Chrystal Ltd and Antrim Crystal Ltd: Provision and Later Sale of Sports Complex, Financial assistance for the provision of facilities for youth clubs. Witnesse: Mr K. P. Bloomfield and H. Parkes, Northern Ireland

4.00 pm.) Social. Services - subject Public Expenditure White health expenditure. Paper: Wilnesses: Department of Health and Social Security.

Office. (Room 16.

(Room 21, 4.15 pm.) Employment—subject: Youth unemployment and training. Witnesses: The Institute of Careers Officers. (Room 8 4.30 pm.)

Treasury and Civil Service Committee - subject: Government's Plans 1982-83 to 1984-85. Witnesses: H.M. Treasury officials.

(Room 15, 4.30 pm.)
Weish Affairs — subject: Scrutiny of Welsh Office Departments, Witnesses: Welsh Office Finance Group. (Room 18, 4.30 pm.)

THURSDAY

Commons: Oil and Gas (Enterprise) Bill, Remaining

Lords: Coal Industry Bill, Committee, Lloyds Bill, Second Reading, Copyright Act (Amendment) Bill, Third Reading. Deer (Amendment) (Scotland) Bill, Report.

FRIDAY Commons: Private Members' Foreign Affairs: Overseas Bills

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Health workers given pay warning

MR KENNETH CLARKE, the Health Minister, warned at the weekend that a 4 per cent increase in the pay bill was the most the country could afford for many National Health Service staff.

TUC unions, representing 650,000 of the 1m NHS employ-ees, have called a one-hour atoppage between 2.30-3.30 pm nn Wednesday, April 14, tn protest against low pay. More sustained industrial action over

pay offers is possible. An extra £81.9m to the health service pay budget has allowed higher offers to be made to some nurses, midwives and others directly involved in patient care, but 4 per cent has been affered to groups such

as ancillary and clerical staff.

Mr Clarke said in Nottingham that money for a larger settlement could come only from increased taxation or from reductions in patient care.

Both were unacceptable. Leaders of 500,000 nurses meet Mr Norman Fowler, Social Services Secretary, today to appeal for more funds so the NHS can improve its offer of pay rises averaging 6.4 per

Mr David Williams, assistant general secretary of the Confederation of Health Service Employees and chief negotiator for the nurses, said in Leeds, at the weekend, that the meeting could be the last chance a full-scala confrontation.

Steel union threatens action over job cuts

By Brian Groom, Labour Staff BRITISH STEEL'S local-level productivity talks have run into trouble at Carby tube works, Northants, three weeks after a strike at Ravenscraig in

Scotland. A weekend meeting of 300 members of the Iron and Steel Trades Confederation, voted to

back any action against plans to cut nearly 100 jobs.

Mr Rny Bishop, ISTC divisional officer, said: "We need a strike at Corby like we need a hole in the head. The members have said they will back and we will not shirk from calling the men out."

"We are willing to talk to "We are willing to talk to

BSC over these jobs, but they say that if we do not reach agreement the jobs will be cut anyway, and we cannot nego-tiate nuder those conditions." 500 jobs were at risk in the immediate future at Corby, and

ting a further 1,000 jobs. Corby steelworks was closed two years ago with the loss of. 5.500 jnbs, but the tube works remains with 4,000 employees. Some ISTC members said last night there was little mood for a fight.

BY OUR LABOUR STAFF

Rises of 9 per cent have been agreed for most of the 17,000 clerical staff in the three Scottish clearers, while an arbitration tribunal has awarded of non-cent to clerical and

9.5 per cent to clerical and managarial staff at Standard

Chartered, the largest inde-pendent UK overseas bank.

The Scottish deal gives 9 per

THE EMERGING trend of pay settlements in upper single figures for bank staff has been confirmed by two daals involving the Banking Insurance and Finance Union (Bifu).

Rises of 9 per cent have been cent on basic salaries to clorks at the Bank of Scotland, Royal Bank of Scotland and Chydendala Bank from April 1, except for junior staff in grade one (a training grade) who will receive 8 per cent.

Ordinary Share Accounts

Capital Bonds 17th Issue

(minimum £500)

New Bonus Account

(minimum £1,000)

Deposit Accounts

balance is £1,000 or more.

Subscription Share Accounts

that BSC was thinking of cut-

All sides set for Tebbit trial of strength

faced this century. The rhetoric used by TUC general council members now travelling the country to rouse their officials and members is not empty. It springs from a real fear that the Act will curb union power in work places and deplete union funds in central nffices. The Employment Bill —Tebolt's Bill, as it is known is seen to threaten both power and funds in a way that Prior's BEI, the 1980 Employment Act,

There must, however, be doubt about the consequences of the Bill. The major questions which it raises, in the minds of employers, union officials and Government, include:

Opposition

· Will it be used by employers? Or will it, like the 1980 Act, lie dormant?

 Which of its measures—on the closed shop, union-labour only contracts, selective dismis sal, tightening of immunities, and the definition of trade disputer-is most likely to provide a flashpoint?

• Will the unions be able to deliver the total opposition to the legislation which they have

The answers lie in the complex interplay between the polinical economic and social factors which influence the labour market and the Labour movement. Over the next few weeks in a series on the Bill, weeks in a series on the Bill, we shall be enalysing it closely—both to clarify its proposals and to make some informed guesses on what its effects might be.

The overall philosophy of the measure was well summed up by Mr Norman Tebbit, the Employ-

to the House, introducing his proposals for legislation last Employment Bill is regarded by the trade unions as the greatest legislative danger they hava

He said: "In formulating these proposals, our aim has been twofold. First, to safeguard the liberty of the individua from the abuse of industrial power; and second, to improve he operation of the labour mar ket by providing a balanced framework of industrial relations law. These aims are funda-mental to any civilised and pros-

Liberty and efficiency: the aims could scarcely find a Tebrit and his advisers have succeeded in fashioning legislation which can be seen to be redressing the two great abuses which the Con-servatives identified, trumpeted and came to office in the late spring of 1979 to remedy— union tyranny and union restrictive practices. For this reason the Bill is the most important of Government's term of office. Its success or failure, more than any other piece of legisla-tion, will make or break.

Unlawful

In pursuit of the first of these ins, the Government will handsomely reward those who are dismissed for refusing to join a union, demand that existing closed snops get a high wote of approval from their members, and make it illegal for unions to enforce union status on contractors' labour.

In pursuit of the second, it will narrow the definition of trade disputes immune from hiability to those between workers and their own employer and make unions as Hable as individual officials have been for unlawful industrial action.

The Bill is commonly seen as cumningly cast because, unlike



John Lloyd reports on the battle which could make or break the Government

the 1971 Industrial Relations Act, it relies not upon new creations, like the Industrial Relations Court, but upon ordinary courts of law. It also relies heavily on the group which, as Mr James Prior, the former Employment Secretary, would often bitterly recall, failed the Heath Government in its efforts to quell the unions the employers.

Britain's employing class has developed Right, Left and Centre positions on the Bill, which are quite as pronounced as the divisions on the labour side and to a degree parallels

On the Right, the Institute of Directors, led by the influential Mr Walter Goldsmith, and on the further Right by the Free-dom Association and Aims of Industry, argues that the Bill is the least that should be done and the sooner its provisions knock some sense into the unions the better.

On the Left, the Institute of sporadic support from the British Institute of Management and even, nn issues like the closed shop, the Engineering Employers' Federation, have thrown up practical and philo-sophical objections to the Bitl.

The CBI continues to hold the centre. Mr Richard Worsley, that the CBI's long-held desire Government. for order, discipline and predictability as the cornerstones of its general industrial relation's law, was stressed, is

largely met by the Bill, though be concedes that some members of bis council have had qualms. Indeed the CBI's representa-tions were responsible for regining an upper limit on the reaiming an opper limit on the amount of compensation paid to closed-shop wictims and to lengthening the period between the ballots on closed shops to

For the unions, publicly and (largely) privately, the Bill is an attempt to chain their legs, now that unemployment has put them on the floor. As the TUC's report to the forthcoming conference of union executives on April 5 puts st: "It is seeking to shackle British trade unions at a time when their bargaining power has been weakened by mass unemployment and many workers are demoralised by job

Alternative

"The Government's indus-trial relations legislation is thus an integral part of the Government's overall strategy. Its real purposes are to make it barder for working people to defend their living standards and their jobs, and to underwine the bargaining strength of trade unions and thus the movement's ability to promote alternative policies to the deflation path now being pursued by the Government."

Since the Government's Billi is seen as politically motivated, the unions' response will, in part, follow suit. On the party political level, it has secured a commitment from the Labour Party tn repeal the Act (as it will become).

But this is seen as limitedthe more so, since, as uninn leaders privately believe, Labits social affairs director, says our may not form the next The key issue for the TUC, as Mr Len Murray, in review their social political has been the growing number ciction, Fountoin House, 130 its general secretary, has and economic role as they have inf foreign insurance groups Fenchurch Street, London, stressed, is to convince not since the 1920s.

the legislation threatens them individually, and not merely officials whom they do not know and union funds from which most will have derived little obvious benefit.

are intertwined with politics it is at the bargaining face where there strength is deter mined. Thus, the counterpar to convincing members of the need to stand up and fight is to convince employers to si

many of the country's biggest employers, warning them that attempts to use, or even obey the terms of the Bill, once it becomes law, will meet organ-

In the programme of action which will be endorsed at the April 5 conference, the unions will commit themselves effectively to ignoring the legislation. Some unions will gn further and ignore the courts as well.

Membership

Can the unions deliver? This is the ultimate test of the Bill. and it may be the ultimate test for trade union power. Their strength has been

sapped by unemployment. Some of the biggest, like the trans-port workers and the engineers. bave seen mambership drop by as much as 20 per cent from their peak years. Their funds are, in many cases, dangerously

Yet, their latent power re mains the most formidable in the country. If that power can be harnessed the legislation will fail and the mould of British politics will be shown in be much as it was before. If it is not, the unions will be forced

Report analyses role of British brokers

BY ERIC SHORT

INSURANCE brokers correctly handle more than £7.5bn of general insurance premiums and more than £2.2bn of life and pension premiums, according to a survey published today by the British Insurance Brokers Association.

The essociation represents nearly three-quarters of the UK's general insurance business nd more than two-fifths of the life and pensions market.

It is accepted that brokers are an integral part of the UK insurance market, but until now, noone has attempted to measure precisely how important their nole was.

BIBA therefore commissioned stockbrokers Kiteat and Aitken to carry out a survey.

The findings relate to business transacted by BIBA members

Brokers account for 94 per cent of marine and arration business, 76 per cent of non-

marine general business nther than motor and 52 per cent of motor business. The 30 largest broking firms ccount for £5.4bn of general

insurance business, representing more than 70 per cent of all the remiums handled by brokers. The survey shows that brokers nse British insurers for most of their business, placing £4bn with UK companies and £2.12bn with

Lloyd's. But they did place 19 £1.44bn, with other insurers both overseas and the UK branches of overseas companies. One feature in recent years

London. These groups get their support from the major brokers. The smaller brokers, not surprisingly, use British com-panies almost exclusively,

It has been known for some time that reinsurance business bas been on the increase among major brokers. The survey shows that in 1979 it accounted for about 45 per cent of the business of major brokers and just more than one-third for all brokers.

BIBA memhers accounted for more than 80 per cent of insured pension business but less than 25 per cent of life business. Both figures, however, need qualifying.

The pensions operations of the major brokers are trans-acted by subsidiary consultant companies which have a large degree of autonomy. They handle all types of pensions business, including self-adminisicitive schemes, and univ one part of their activity involves placing insured pension schemes with a life company, which is the figure quoted in the survey. Smaller brokers still concentrate on insuring pension

The relatively small role of assurance field would appear to be becoming even smaller as more life companies develop their own salea forces and operate through tied agents. A few years agn brokers had around one third of the life assurance

British lusurance Broking . a statistical report by Kilcat and Aitken, published by the British Insurouce Brokers Asso-

Caution favoured over compulsory secret ballot BY PETER RIDDELL, POLITICAL EDITOR MR NORMAN TEBBIT, the

Employment Secretary, is taking a cautious attitude towards calls for compulsory secret ballots on major union decisions to be included in the Employment Bill going through Parliament.

Three Tory MPs have put down amendments statutory secret ballots before strikes and for the election of top union officials. Mr Tehbit, who was pressed

on these points at the Con-servative Central Council meeting in Harrogate over the weekend, adopted a wait-and-see approach, hinting that the current Bill might not be the right necasion.

would not "indefinitely tolerate the sort of goings on we see on our television screens of the way strike meetings are held.

Standard Chartered award, which also takes effect

Nationwide

Building Society

from April 1 and runs for 12

months, follows a final offer of

7.25 per cent from the bank.

The union's nominee on the

three-person tribunal dissented from the award, which is

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all existing Capital Bonds continues unchanged.

to try to reform their unions from the inside. I have not yet given up hope that we can make more progress on that basis but I have considerable hesitations about introducing a law which could be deliberately defied by trade unions."

Mr Tebbit said he would listen "very carefully to the arguments put forward that we should consider taking a further step forward at this stage. "I have not yet been per-

can I be before I have heard all the arguments."
He stressed the importance of

nurrent Bill might not be the seeing that those in union power were "fairly and But Mr Tebbit said the public properly elected." He said that unless uninne cleaned up their houses, there

Mr Steve Gamble, a Bifu assistant secretary, said: "Bifu will still be arguing for a double-figure award in annther

major international ban Barclays Bank International."

take place on April 13, and covers clerical, secretarial and

computer staff. The bank bas offered 8.5 per cent.

Bifu members in the five English clearing banks on a final offer of 8.5 per cent nn pay with improved holidays will be known nn Friday.

8.75% 12.50%

10.00% 14.29%

10.75% 15.36%

9.75% 13.93%

8.50% 12.14%

Results of a ballot of 70,000

This arbitration bearing wil

would be pressure for secret Bank staffs win 9% and 9.5% pay rises

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to experts from the State who will tell you about the advantages Maryland has to offer, including details of visa requirements, financing, taxation and duty free Foreign Trade Zones.

mission or to attend the seminar - or both - just fill in the coupon below, staple it to your letterhead and send

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on 29th April.	

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The second secon

BBC 1

6.40-7.55 Open University (Ultra High Frequency only). 12.30 pm News After Noon. L00 Pebble Mill At One. 1.45 Trumpton. 2.00 Men v Women (Golf Challengs). 2.50 A Bugs Bunny Special. 3.15 Songs of Fraise from Morecambe. 3.53 Regional Many for England (except Long. Open University News for England (except Londonl. 3.55 Piay School. Secret Squirrel. 4.25 Jackanory. 4.40 Scooby and Scrappy Doo. 5.00 John Craven's Newsround. 5.05 Blue Peter. 5.35 The

5.40 News.

6.00 Regional News Magazines. 6.25 Nationwide. 6.55 Doctor Who Pater Davison.

James Garner. 8.10 Panorama: Nicaragua — Reagan's Other Cuba?

9.00 News.

9.25 The Monday Film:
"Cagney and Lacey"
starring Loretta Swit and
Tyne Daly. 11.00 Film 82 with guest pre-

senter Maria Aitken. 11.28 News Headlines. 11.30 The Computer gramme: Just One Thing After Another.

All IBA Regions as London except at the following times:

ANGLIA

ANGLIA

9.45 am Clagg's People. 10.10 AOroo in Your Hand. 10.40 "The Meak
of Alexender Cross" (TV movie).
11.50 Wattoo, Wettoo. 1.20 pm Anglia
News. 2.30 Monday Film Mehnee.
"Strange New World" (TV movie).
5.15 University Challenge, 6.00 About
Anglia. 3.30 Movie Memorias. 10.30
Anglia. Recorts. 11.00 The Palace Presents. 12.00 Supermar Profile. 12.30 em
The Chap Next Ocor.

BORDER BORDER

9.30 sm Seeme Street. 10.30 Decumentary (The meking of a Ciewt. 10.55 World Fairy Tales. 11.20 Story Hour. 1.20 pm Border News. †2.00 Frim: "The Colditz Story." starting John Mills and Eric Portman. 3.45 Money. Go-Round. 5.13 Bygones. S.00 Lookstound Mondey. 8.15 Canon in the Kitchen. 6.30 Mr and Mis. 10.30 The Monte Carlo Show, 11.30 RL Action. 12.13 sm Border News Burmery.

CENTRAL

8.20 em 3-2-1 Contact: 8.50 The
Entertainem. 10.13 Portraita of Power,
110.40 Arthur Askey and Richard
Murdoch in "Band Waggen," 1.20 pm
Central Naws. 2.00 The Monday Screen
Martines: "Sucetruck." 3.45 Monéy.
Go-Round. 3.00 Central Naws. 10.30
Paronts and Teenegers. 11.00 Central
Naws. 11.05 Left. Right and Centre.
11.45 Paris by Night. 12.15 em Come
Close.

(5) Stereophonic broadcast RADIO 1

5 00 am As Radio 2. 7.00 Mike Reed.
9.00 Simon Bates. 11.30 Oeva LeeTrevie. 2.00 pm Paul Burnett. 3.30
Sieve Wright. 5.00 Pater Powell. 7.00
Slayin' Alive with Andy Peables. 3.00
David Jenaen. 10.00-12.00 John Pael
(S).

RADIO 2 S.00 am Ray Moore (S), 7.30 Terry Wogan (S), 10.00 Jimmy Young (S), 12.00 Giona Hunniford (S), 2.00 Ed Schwar, (S), 4.00 David Hamilton (S), 5.45 News, Sport, 2.00 John Ounn (S), B.00 Folk on 2 (S), S.00 Humphrey Littleton

TELEVISION

Chris Dunkley: Tonight's Choice

The two biggest attractions are Sir William Walton's 80th Birthday Concert on BBC-2, with stereo sound on Radio 3, and ITV's screening of The Third Man. In the first half of the concert which is transmitted live from the Festival Hall Kyung-Wha Chung plays Walton's Violin Concerto with the Philharmonia Orchestra under Andre Previn. The second half is devoted to Belshazzar's Feast. In between there's a "hiographical interlude" from Gillian Widdicombe who bas been writing the composer's biography for quite some time.

The Third Man is Carol Reed's 1949 British classic, written by Graham Greene and set in post-war Vienna where Holly Martins discovers that his friend Harry Lime not only dealt in black market penicillin but is now dead. So who is the third

The aubject of Imagined Worlds on BBC-2 is Tom Gold who, starring when only 28, proposed with Hermann Bondi and Fred Hoyle the notion of the universe continuously creating matter. In 7.20 Bret Maverick starring Panorama on BBC-1 Jeremy Panaman reports from Nicaragua on the U.S. involvement in Central America.

6.45 News Summary.

6.50 Riverside. 7.30 Imagiced Worlds.

8.00 Sir William Walton's 80th

SCOTTISH

8.30 am Lonel Hudson Occumentaries. 10.15 Amazing Years of Cinema. 10.40 Circus. 11.05 Yeung Ramsay. 11.50 Wettoo 12.20 pm Survival. 1.20 Scottish News. 2.00 Monday Mattines: "The Legend of Valentino." 2.45 Money-Go-Round. 5.15 Infirant Strokes, B.00 Scottish Today 6.40 Cymedeek. 10.30 Encom. 11.15 Scottish Ocen Souasa Chamoronehos. 12.15 am Late Call.

TVS

the Royal Festival Hall, London, cert 1, (simultaneous broadcast with 3aC 21 (S). 3.45 A Landscape Painter in Southern Calubria by John Irving, B 05 Concart, cart 2: Welton (simultaneous broadcast with BBC 2) (51, B,50 Ths Poet in his Plece (S), 10.35 Jazz in Britain (S), 11.00 News, 11.06-11.15 Haydn (S).

RADIO 4

5.00 em News Boefing, 6.10 Farming Week. 3,25 Shipping Forecast, 3,30 Today, 8.35 The Week on 4, 3,43 Glyn Wursino delves into the 5aC Sound Archives. 8.57 Weather, travel. 9.00 News. 9.05 Star the Week with Richard Baker (5), -10.00 News. 10.02 Money Box, 10.30 Daily Service, 10.45

Birthday Concert from the

Royal Festival Hall,

BBC 2

6.48-7.55 am Onen University. 11.00-11.25 Play School 2.25 pm Maths Help. 3.35 Star Movie: "Saraband for Dead Lovers" starring Stewart Granger

5.10 Let There be Music. †5.40 Laurel end Hardy in Beau Chumps."

9.50 A Dream of Alice. 10.35 Poems in Their Place. 6.15 Maggie. ol Jazz and Sluss.: Singer Tom Weits.

HTV Cymru/Weiss—As HTV Vlest
exept: 12.00-12.10 pm Oscw Mam Yn
Oward. 4.15-4.20 The Underses Advertuies of Ceofain Nemo. 4.45-5.15 Sår.
5.00 Y Oydd. 5.30-7.00 Regort Wafe;
8.30-9.00 Yr Wythnes. 11.30-12.00
World in Actron.

CHANNEL

1.20 pm Channel Luncheme News, What 3 On Where and Weather, 2.00 Money-Go-Round, 2.30 The Monday Majores: "Vintage Murder, 5.15 Emmerdale Faym, 5.00 Channel Regort, 6.30 The Two of U.S. 10.25 Channel Lare News 10.35 Sarney Miller, 11.05 Goffing Greats (Tom Weston), 11.30 Tenspeed and Brown Shoe, 12.25 sm News and Weather in Franch.

GRAMPIAN GRAMPIAN

9.45 em First Thing, 9.50 Eye of the Storm, 10.0 Focus on Wildfile, 11.05
Golf: U.S.A. v The Rest of the World, 12.30 pm auryival, 1.20 North News, 12.30 Monday Mannee: "Oacoy," 5.15
Mr and Mrs. 3.00 North Tonighi, 3.30
Country Focus, 10.30 The Rosslyn Soort Scottish Ooer Squash Championship, 11.30 The Palace Presents, 12.30 am North Headines.

GRANADA 9.30 em Cool McCool. 9.50 Last of the Wild. 10.15 Young Ramsay. 17.00 Seaame Street 120 pm Granade Roports. 12.30 Monday Mannes: "Gangway." S.15 Orck Turoin. 5.00 Private Senjamin. 5.30 Granada Roports. 6.00 Quincy. 10.30 Denger UX3 11.30 RL Action. 12.15 am The Odd Couole.

9.45 am Thunderbirds. 10.36 Life in 9.45 am Thunderbirds, 10.30 Lira in Focus, 11.35 International adwis, 1.20 pm HTV Naws, 12.30 Monday Malinee; "Prelude to Fame," 5,15 Officent Strokes, a.00 HTV News, 10.28 HTV News, 10,20 The South Bank Show, 11.30 The Living Legende

Truckers' Hour (5), 2.00-5.00 You and the Night and the Music (5).

RADIO 3

RADIO 3
6.55 am Weether, 7.00 News, 7.05
Morning Concert (5), a.00 News, a.05
Moining Concert (continued), 9.00
News, 9.05 This Week's Composor;
Sir William Weiton (5), 10.00 Music
for Organ (5), 10.30 Panocha Quarte;
(5), 10.55 Ashkenazy Plays Chopin,
(5), 11.35 aBC Scottish Symphony
Orchestra (5), 1.00 pm News, 1.06
BBC Lunchhime Concert (5), 2.05
Mathee Musicale (5), 3.05 New
Regards (5), 4.55 News 5.00 Mainty
For Pleasure (5), 7.00 Soviet Lille
Through Official Literature, 7.30 Schumann Ramies (5), 8.00 Sir William
Walton's 80th, Airtiday Concert Imm

9.30 am Cartoon Time. 9.35 Asian Insights, 10.00 Mysteries of Indigo Depths. 10.25 "The Terrornauts" starring Simon Onles, 11.25 Paint Along with Nancy, 11.55 The Enbblies, 12.00 Cocklesbell Bay. 12.10 pm Rain-bow. 12.30 That's the Way. 1.00 News, plus FT Index 1.30
Thames News with Robin
Houston. 1.30 About Britain. 2.00
Money-Go-Round. 2.30 Monday
Matinee: "The Captain's Table" starring John Gregson. 4.15 Dr Snuggles. 4.20 Graham's Ark. 4.45 Murphy's Mob. 5.15 Mr and Mrs. 5.45 News.

6.00 Thames News. 6.25 Help! with Viv Taylor

6.35 Crossroads. 7.00 Nature Watch. 7.30 Coronation Street

8.00 Dead Ernest. 8.30 World In Action. 9.00 Hill Street Blues starring Daniel J. Travanti.

10.00 News. +10.30 "The Third Man" star-ring Joseph Cotten, Valii and Orson Welles. 12.25 am Close: Sit Up and Listen with Tony Bridge.

† Indicates programme in

5 30 Coest to Coest. 2.00 Coest to Coest (continued). 2.30 Emmerdels Farm. 10.30 A Full Lile (Index Gandhi) 11.00 Tholler. 12.25 am

TYNE TEES

9.20 cm The Good Word. 8.25 North
East News. 9.30 Lionel Hudgon Documaintenes. 10.15 Joe 90, 10.45 Friends
of my Frands. 11.10 Leave Cape Horn
to Port. 11.50 Sally and Jake. 1.20 pm
North East News and Lookaround.
12.30 Monday Matenes: "The Millian
Pound Note." starring Gregory Peck.
5.15 Orl mnt Strokes. 6.00 North East
News. 2.02 Mr and Mrs. 8.30 Northern
Life. 10.30 North East News. 10.32
Anshing. 11.15 Hammar House of Horror. 12.10 am Life is Six to Four
Agemst.

1.20 pm Lunchtma. 2.30 Monday Mannes: Let Em Have It. 4.13 Ulater News. 3.15 Radio. 5.30 Good Evening Ulater, 2.00 Good Evening Ulater, 5.30 Mr and Mm. 9.00 Quincy. 10.29 Ulater Weather, 10.30 Seyond Wastworld. 11.20 News at Sectume.

YORKSHIRE

TSW
9.25 am Saliv and Jake. \$.35 Sesems
Streat. 10.40 Paint Along with Nancy.
11.05 The Story of Tutankhemen. 11.55
The Underses Adventures of Captain
Nemo. 1.20 pm TSW Nawa Headlines.
2.30 "Vintage Murder," 4.21 Gus
Honeyburis Maric 6-ritidays. 5.15
Emmardale Farm. 2.00 Today South
West. 8.30 The Two of Us. 10.32 TSW
Late News. 10.35 Samey Miller. 11.05
Golfing Greats (Amold Palmer). 11.30
Tensgeed and Srown Shoe. 12.25 am
Postscript. 12.30 South West Weather. YORKSHIRE

9.30 sm Salty and Jakes, 2,40 Sesame
Street, 10,40 Wild, Wild World of
Annmala, 11.05 A Story of Turankhamun, 11.55 The Undersee Advantures of Caoten Nemo, 1,20 pm
Calendar News, 2,30 Monday Matnes;
"True as a Turtle," 3,00 Calendar
[Emisy Moor and Selmont ed rions],
6.35 It's a Vet's Life, 9,00 Qu'ncy,
10,30 With a Little Help, 11,00 RL
Action, 11,45 Superstar Profile. 9.35 am Kum Kum. 10.00 "Tha Tenning of the Shrew," sterning Richard Surron and Elizabeth Taylor, 1,20 pm TVS News, 2,30 Monday Matines; "The Admirable Crichton," S.15 Radio,

Morning Story. 11.00 News. 11.05

Nown Your Way vests acester,
Oxlordehire. 11.50 Poetry Please! (5].
12.00 News. 72.02 pm You end Yours.
12.27 Semi-Circlas with Paula Whitox
and David Wood. 12.55 Westher, traval,
orogramme news. 1.00 The World et
One. 1.40 The Archare. 1.55 Shoping
Forecast. 2.00 News. 2.02 Woman's
Hour. 3.00 News. 3.02 Alternoon
Theatre. 4.35 Scene from a Br.dge.
4.45 Story Time. 5.00 PM; News megazine. 5.50 Shipping Forecast. 5.55
Weather, programme news. 6.00 News,
including Financial Report. 3.30 I'm
Sorry, I Haven't a Clue (5), 7.00 News.
7.05 The Archers. 7.20 Start the Week
with Richard Jacker (5), 8.00 The
Monday Play (5). 9.30 Kaleidoscope.
9.59 Weather. 10,00 The World
Tonight. 10.30 Johenica Now. 11.00 A
Jook et Bedsime. 11.75 The Financial
World-Tonight. 12.30 Todey in Perisement. 12.00 News.

The 250-page judgment of time

ing out of reserved judgments. Lords Justices of Appeal. delivered by the courts. Mostly judgment in the case involving ning went along with the idea. sufficed to dispose of the claims by the Banahans for compensation for the compulsory

the Pacific. Cumnistively, though, the practice is one that adds to the not inconsiderable cost of litigation. It is justified as being Ten days ago Lord Denning appeals. But it was recognised an essential feature of court proceedings, that they must be issued a practice direction benefit to anyone and could held in public; and that in- stating that reserved judgments even nn occasions disrupt the cludes the delivering of the

For some time now there has

courts' judgments.

acquisition of mining rights on

Ocean Island, a small island in

been agitation among indges and legal practitioners that the Court of Appeal and the High Court generally should modify. if not abandon, the traditional practice. Judges in the Com-mercial Court have in fact begun to adopt the habit of handing down their judgments in at least some cases where unnecessary time would be taken up in delivery, to no discernible disadvantage to the public, which can have only a passing interest in the particular litigation. This modification was adopted, no doubt under the influence of Lord Justice Donaldson, who brought the idea with him from his days as chairman of the ill-fated National Industrial Relations Court of the early 1970s.

Now the whole question bas een brought to the fore, and has involved a decorous disagreement between Lord Denning, the Master of the Rolls and

Earlier this manth Lord ing week to read a 250-page profession, Initially, Lord Den-

Until 1963 each Law Lord al

the oral delivery of judgments Justice Cumming - Bruce the time of voting would absorbs an hour or so. Quite announced that in general the solemnly read aloud and in full exceptionally, a jodgment takes Court of Appeal would hand his printed judgment for up an inordinate amount of down its judgments, other than "speech," as it technically is) to listen carefully to the judg. confirmed time; in 1976. Sir where the case had an interest before it was handed in the Robert Megarry, the Vice to the wider public than the parties. In a few cases the pro-Chanceling, took a whole work- litigating parties and the legal ceedings took several hours; in

MUCH TIME (and hence President of the Court of Appeal Lords proper. They take 2 money) is expended in the read (Civil Division), and some other "vote" un the appeal, which Lords. If counsel could actually determines the outcome.

most instances an hour or so

THE WEEK IN THE COURTS

BY JUSTINIAN

had second thoughts. He that the procedure was of little This is sensibly designed to would continue to be read out in full, save possibly those portions thal are so detailed or technical as not to be readily appreciated by the audience in court.

If any judgments were excessively long, a precis of them might be substituted for the full version. The insistence of Lord Denning upon the traditional manner of giving judgment discloses another facet of appellate litigation that is at variance with the practice of the House of Judgments in appeal to the House of Lords have since 1963

been invertably delivered in a quaint veremony on the floor of the chamber of the House at 10.30 in the morning, before the chamber is given over to its deliberative and legislative business. The five Law Lords who heard the appeal argued as the Appellate Committee of the House of Lords i na committee room upstairs in the Palace of Westminster, report hack to themselves as the House of

parliamentary programme of the House of Lords. And so a change was made. Nowadays the

aveilable to counsel and solici- of reporting of court cases. tors for the partles in counsel's robing room about an hour before the formal proceedings in England and Wales is not a of "voting" take place in the public service; it rests with prichamber, when each Law Lord stands up (in order of seniority) and merely declares that he out of the sale of a transcription would either allow or dismiss of the oral judgments to anyone. the appeal "for the reasons civen in my printed speech." The whole procedure takes but of the judgments freely available to whomever came to court, tinnally where there is some argument as to the costs of the

appeal. Why does the Court of Appeal writers. not follow suit? Is there really any obstacle to the court simply supplying its written indements to anyone who wishes to have a only save time but would also

leave to appeal to the House of read the judgments in advance of the judges coming into court they would be belter equipped to know what to submit to the court. At present, counsel have ments being read and may niten feel that they would like a little time to study them before committing themselves to an argument on costs and other matters.

The issue is confounded by the fact that while counsel, solicitors and the parties listen to the judgments the official shorthand-writer, the law reporters and other accredited journalists are permitted to have copies of the judgment in front of them as they hear the judgments read. assist in the process of swift and accurate reporting in the newspapers and law reports. But it is not easy to understand why the barristers and solicitors are printed denied this facility. It may have Nowadars the printed denied this facility. It may have opinions of the Law Lords are something to do with the system

> Unlike almost every other civilised country, law reporting vate undertakings. The short-hand writers make their living who wishes to purchase a copy. If the courts were to make copies able to whomever came to court, a considerable inroad would be upon the potential of the shorthand made upon income

So long as law reporting is a private enterprise, the monopoly of saleable transcripts makes sound sense. But should copy? Such a practice would not not the reporting of court cases: be made a public service? There materially assist in shortening is a strong case for some official: the consequential discussion on review of the whole system of costs and on the granting of reporting workings of the law,

RACING

BY DOMINIC WIGAN who napped Kings Glory, 1]-1 winner of the Lincoln on Saturday

THE LINCOLN draw proved nowhere near as important a factor as many had anticipated on Saturday with King's Glory and Winart finishing first and third from high berths. It now ances. Saturday's triumph will seems evident that a real have been a tremendous confiadvantage lies only with those drawn with low numbers when champion Bryn Crossley. the ground on the Doncaster Mile is riding soft.

disappointment for Piggott's season. many followers, who saw the favourite Bunter finish only 8th are flat racing at Ayr. Leicester riding arrangements are now after failing to make progress and Folkestone and a jumping having taken a threatening card at Hexham, and an Epsom hopes. Mr Dick Saunders will position at halfway. But it will stable can again win the day's be attempting to succeed on the have done a power of good for principal prize. John Sutelific's favourite, Glittar, in a race his

Philip Mitchell's small Epsom stable and also for the apprentice Bryn Crossley, King's Glory has now won valuable prizes for Mitchell on his two appearances since being bought out of Henry Candy's stable, for just 5,200 guineas at last autumn's Ascot September sales.

Leading apprentices often face B worrying and lean time in the transition to becoming fully fledged jockeys, without the henefit of their riding allowdence booster for last season's

Crossley seems set to establish himself among the top The race again proved a bitler dozen riders by the end of the

On today's busy programme

Tender King, is an automatic selection for the Burton Overv Stakes at Leicester. This Prince than five years without a first-Mirabeau, provided he is ready to do himself justice. Two other ning favourites a year agn, are Voyant, in the Simon de Montfort Maiden Stakes, and Dawns Delight, whn has been taken to Ayr hy the Radlett trainer, Ken

Looking ahead to Saturday's Sun-sponsored Grand National. confirmed for all the leading

Two Thousand Guineas hope, close friend, the late John Thorne, so narrowly failed-to land a year ago: Royal Mail will be partnered as usual by Philip Tenderfoot colt, who failed Blacker: Bob Champion resumes narrowly to end a run of more on Aldentti, and, as many had anticipated. Jonjo O'Neil Is now time-out winner for Sutcliffe st on Uncla Bing. Richard Head Lingfield last May, made up into had hoped that John Francome one of the season's fastest two- might be available for Unch year-olds. He should beat Bing, but the champion jockey has had to forgo the mount to: ride Rough And Tumble for his. likely looking winners on a day retaining stable. There should when there were plenty of win- be 39 or 40 runners, making it ; one of the largest fields in recent years.

> LEICESTER 3.15-Badsworth Girl 3.45—Tender King*

4.15-Voyant** 4.45-Mnu Ferni Tychi AYR

2.00 -Black Glazepta 3.00-Dawns Delight

4.30-Escapist

RADIO

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king group

Italy's largest jeweller has radically altered its structure. Rupert Cornwell reports

jewellery. The dominant raw annually, equivalent to almost material, whatever the annually equivalent to at its major plant at Arezzo, ened of vol a further rise,

the skill of an individual crafts- which would make stocks even man has no aubstitute. Its more costly to replace. showcases are still the great trade fairs like Vicenza, where paper reports of the soaring buyers from five continents bullion price, ordinary Italian come to inspect the latest wares customers were either scared of the Italian jewellery industry, which traditionally sets the side retail jewellers to unload pace throughout the world. side retail jewellers to unload family heirlooms. The manu-Yet the last few years have witnessed a profound transfor-

of Uno-a-Erre (which in turn is the Italian transcription of the company's hallmark 1-AR, or "Arezzo one"). The process has been underway for several years, but was given irresistible extra impetus by the gold crisis of 1980.

divisions based on types of jewellery and raw material. Also, after years of expansion into ao organisation of com-manding size an effort is being made to replicate the flexibility that exists within the tiny firms that make up the vast majority of the Italian jewellery

At the start of 1980, the price of gold touched \$850 an ounce, more than double the level of 12 months earlier. Since then the price has come down almost. as fast, to stand today at around

Battered by front page newsfamily heirlooms. The manufacturers saw their margins cut to the bone. As the gold price mation at Gori e Zucchi, climbed, the sbare of labour better known by its brandname and other costs in the finished and other costs in the finished price of some items sbrank to as low as 5 per cent. Cost cutting became impossible.

Slumped

At their peak total Italian jewellery exports, including The outcome has been a sales to tourists, were running major structural change; the at over 12,500bn (£1.2bn) a company has been split into year. But in 1980 the volume of gold worked by the industry.
although still about a third of the world total, tumbled to 107 tonnes from 227 tonnes in 1979 as foreign demand slumped. Last year it recovered to 165 tonnes, and a further improvement is forecast in 1982. But in the immediate future a return to pre-crisis levels is

In some respects Gori e Zucchi's industry, grouped around the three manufacturing centres of Valenza Po, Vicenza and Arezzo.

NOTHING seems to change at which, in the halcyon years nows. With its workforce of Gori e Zucchi, Italy's and the hefore the crisis was handling 1.700 people and total sales of world's largest manufacturer of up to 235 tonnes of pure gold some 1.200bn (£85ml), the company by any other standards would be medium sized, but not in a business which epitomises the country's love affair with cottage industry. The majority of companies have less than 10

> Among Arezm's 250-odd jewellery concerns. Gori e Zucchi reigns unchallenged. The advent of the industry in the Tuscan town is fancifully ascribed to the ancient Etruscans, who were master in the black jewellers 500 years before Christ. Its modern origins, however, can be traced more exactly to the combination in 1926 of Leopoldo Gori's business acumen and the craftsman's skills of the goldsmith Carlo Zucchi. More than half a century later the world's largest jewellery company, which this year may work 28 tonnes of pure gold, is controlled by their heirs.

But sheer size was of little help when the crisis struck two years ago. The company's very industrialisation and efficiency had left little fat to be trimmed. Its specialisation in pure gold objects — above all chains, bracelets and medalhons — meant that the pressure nn margins was particularly severe.

The difficulty was com-pounded by import duties of per cent charged in key foreign markets like the U.S., Japan and Latin America. When e respects Gori e gold prices were lower, and difficulties were added value represented 25 or greater still. In the Italian 30 per cent, this was less of an obstacle. "But now they're a or 10 per cent, and the duty is simply too much," says Vittorio Zucchi, son of Leopoldo and

now president of the group. As a big company, moreover, it was far less free to operate on the fringes of legality than ils tiny competitors, many of whom could ignore union regulations. It has been estimated that around 40 tonnes of gold are smuggled, free of VAT, into Italy each year — a practice which tends to help the min-nows in what Gori terms "disloyal competition." All this added up to losses in 1930 and 1981, though this year the company should be firmly back

Mystique

The small size of Gori e Zucchi's competitors also gave them the flexibility which a bigger concern inevitably lacks. "From oow on," Gori observes, the Italian jewellery trade will rely increasingly on imagination and original ideas, mixed with better technology and marketing. Mass produc-tion by Far Eastern countries especially, is going to be a real threat." As Lingi Stella, head of the Italian Manufacturers Association, put it recently: "The pioneering era of our gold jewellery industry ended

Gori e Zncchi was respon-sible for a good deal of that pioneering. The company was the first in bring modern marketing techniques to a husiness

into silver and what might be called commemorative jewellery, medallions, and the like. Gnri e Zucchi also led the way in vertical integration. Today it controls operations ranging from Chimet, its own refining company which recovers gold and other precious melal wasle from old jewels, photographic equipment, integrated circuits and the like, to specialist sales subsidiaries in the U.S., West Germany and elsewhere. A separate subsidiary, Monitart, makes and sells promotional and personalised gifts, such as

silver key rings. Much of its refining and basic production work is done for other manufacturers on contract. But since 1980, the changes have flowed faster still. Some have been successful others less so. Into the latter category should be placed efforts to launch new products on the important domestic market with a low gold content of eight carats, to reinforce the image of jewellery as a fashion accessory rather than an invest-ment item. But, says Pierinigi Rossi, export director, never covered more than ? or 8 per cent of the market, it on concessionary terms.
Italians are going back to their For the lender, who

shrouded by mystique and At the same time, Uno-A-Erre discretion. It was among the Italia, the main operating comfirst to introduce industrial party for the group, has been top 4 per cent, but allied to technology to help in the preliminary production processes.
Today, rnw upon row of machines, like giant sewing This last is a new departure, but the investor too, could machines, knot gold thread into pany for the group, has been top 4 per cent, but allied to the divided into five divisions, prospect of a bullion price

various forms of chain at the Arezzo plant, which handles an average of 300 kg apiece of The philosophy behind the re-The philisophy behind the re-20ld and silver aliny every day, organisation is to gel a big It was the first to diversify company "thinking small" company "thinking small" again. The five separate divisions will have separate accounting in order to strengthen financial controls and improve flexibility. Equally, Gori insists on the need for greater direct contact between the company and the consumer.

With this and the possibility of circumventing import duties in the company's most important export market—in mind, Gori e Zucchi is con-sidering setting up a direct manufacturing operation in the U.S. But how this will be received on the Arezzo shopfloor remains to be seen.

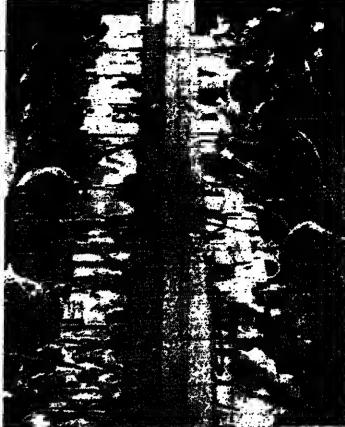
Perhaps most striking of all is Gori e Zncchi'a newest idea for individual bullion holders physically to "lend" their gold to the company. This would enable the manufacturer to finance costly stocks more easily, respond more swiftly to orders, and thus become more competitive.

In a sense the project is a variation of the plans put for-ward in 1980 by the industry for part of the Bank of Italy's bullion stock—at 32m ouoces the fourth largest in official hands—to be made available to

Italians are going back to their old love for high gold content jewellery."

At the same time, Uno-A-Erre

To the lender, who is assured of return of his gold upon request, the main attraction is that gold will earn. interest. This is unlikely to appreciation, it should be tempting. Not only Gori e Zucchi, but the investor too, could be





jeweller, and (below) some of the gold pieces they create

'Monopolies and mergers reports are inconsistent'

widely criticised in the past year on two grounds. Firstly, for "arbitrary" referral of cases to the Monopolies and Mergers Commission and, secondly, for the alleged inconsistency and poor reasoning of many of the Commission's reports. Such criticism is not surprising and, indeed, is justified—for a wide range

The quality of the reports can be illustrated by com-paring Lonrho and House of Fraser ("Fraser"); Lonrho and Scottish and Universal Investment ("SUITS") and S and W Berlsford and British Sugar (" Berisford "). A major factor in the MMC's decision on Lourbo's bid for Fraser was the latter's high and improving efficiency which might he jeopardised hy Lonrbo's control. Fraser's efficiency was established by "figures of the overall growth

indicators . . . such as sales per square foot and per employee." The figures were not shown. Other evidence points in a different direction: (i) Fraser's falling historic cost (and current cost) profits were reported but not commented on: £40.5m (£31.3m)

and profitability of different

store groups and other

in 1979, £37.1m (£24.0m) in 1980 and £34.4m (£17.6m) in

(ii) In "SUITS" the MMC noted the pre-eminence of Harrods and the relatively poor performance of other parts of Fraser, If, overall, Fraser is of average efficiency. the bulk of Fraser would appear to be of questionable efficiency.

(iii) Fraser's decision making processes are unimpressive. Only recently have formal financial appraisals heen introduced but the one made for a store opening in Milton Keynes contained no calculation of a

Impulsive

The above points—the relevance of which was established by the MMC drawing attention to Lonrho's "mixed" profits results and noting that it has not yet repeated its African successes in the UK-show that the efficiency of Fraser was not established.

The MMC made a number of specific points about Lourbo's impulsive and changing attitudes to Fraser. Of more general interest is the importance of Fraser for

Lonrbo, suggesting that Fraser's autonomy might be

The MMC felt, this would reduce Fraser's efficiency because of (i) the likely effect of the merger on key Fraser personnel, (ii) the difficulties inherent ln a merger between companies with different characters and types of husiness, and (iii) the strain on Lonrho's management.

Points (i) and (ii) can he considered in relation to the MMC's comments on the Berisford hid for British Sugar but on point (iil), the MMC was concerned about the age of Mr Rowland and others, and the small size of Lonrbo's head office staff. Yet in "SUITS" the MMC stated that "In general we have no doubt that Lourbo is a dynamic organisation.
[Mr Rowland's] experience
in Africa will be hard to replace, hat we do not think that the company's continued prosperity is unduly depen-dent on him."

Berisford is a diversified international commodity trader and processor which operates over 80 active sub-sidiaries. British Sngar is a UK single product manufacturer with an important hyproduct. Apart from sugar merchanting, the businesses are different although the MAIC concluded that the husinesses "are not wholly dissimilar" and "a business does not necessarily suffer from being exposed to the judgment of those with experience in other fields."

In "Lonrho" the situation is similar but the conclusion is different: "Lourho is a highly diversified group... House of Frzser is specialised in the business of. department stores. We bewould give rise to difficul.

The MMC did not comment on Fraser's attempt to headbunt a Lourho director or Fraser's decision to put its future in the hands of nonretailers—Professor Roland Smith and Ernest Sharp, former joint managing director of Grand Metropolitan.

In both "Lonrho" and "Berisford" the MMC was told that key personnel would depart if the merger occurred but it argued that experience shows that few do. In "Berisford" the point is dismissed for "it may be wise to avoid too certain an expectation" whereas in "Lonrho" the

probability of departure "or at least the disaffection" of some directors and executives weighs heavily in the final

A notable feature of the Berisford reports is its illogical conclusion. British Sugar is said to be an efficient firm and the MMC argues that a merger would not produce any results in the public interest and that it is equally likely that efficiency would remain unaffected or deteriorate. Thus society is offered a 50 per cent chance of no prize and a 50 per cent chance of a penalty being The expected value of this gamble is negative and against the public interest. The MMC reached a different conclusion

Arbitrary

Why does the MMC so often make such a bad job of its reports? There appear to be five reasons. First, it sometimes simply makes a mistake —eg the Berisford conclusion. Second, it sometimes seems to be a case of conclusion first. facts later. One suspects that Lourho's bid for Fraser was rejected because, in the MMC's view. Lourho behaved

badly. Third, especially in key issue is efficiency, a topic on which economic theory gives little guidance. Fourth, don SW7 2BX. the semi-judicial procedure Making the Major Sale, of the MMC plus the onus to report that a merger is against the public interest is members of the American with imprecise yardsticks of petails from Management Association. Details from Management conceal its information and centre Europe, avenue desconceal its information and Arts 4. B-1040 Brussels, and to comment on the facts Belgium.

The Management of Management, and Centre Fundament of the facts Belgium. in an arbitrary way.

The Green Paper - A London SW1V 1JJ. Mergers Policy 1978—claimed that at least balf of all mergers are failures. Perhaps the MMC would be better at separating the sheep from the goats if the onus was on acquirers to prove their actions are in the public interest. But since only a few mergers are referred, the the referral procedure is arbitrary and on balance mergers offer no benefits, prohibition of large mergers may be the surest way of safe-guarding the public interest.

Stephen Lofthouse The author is on industrial economist.

Business courses

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badly. Third, especially in London, April 26-29. Fee: £250, conglomerate mergers, the Details from Department of key issue is efficiency, a topic Managemen: Science, Imperial

MMC weighs the various come London April 27-28. Fee: £180. ponents of the public interest Details from Tack International, Tack House, Longmoore Street,

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tution of Industrial Managers, Cardiff Road, Luton, Bedford-shire, LUI 1RQ. Public Speaking for Directors, London: April 22-23. Fee: £165 Columbers: £188

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More efficient exporting

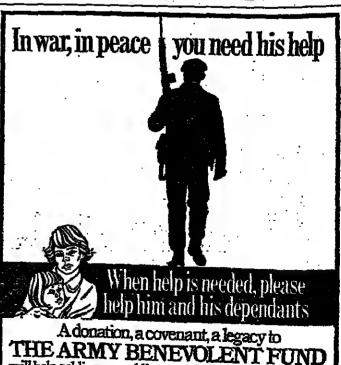
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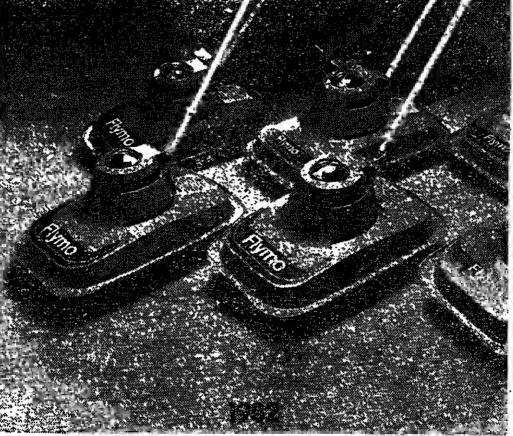
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FINANCIAL TIMES SURVEY

Monday March 29, 1982

Insurance Broking

Keen competition and structural changes within the industry in the past few years have meant a rough ride for insurance brokers worldwide. The picture is not wholly bleak, however, as the adverse conditions have obliged most of them to turn a sharp eye to costs and organisation, with the result that the industry is better equipped for the future.

In better health despite adversity

By John Moore

INSURANCE BROKERS have faced a year of structural changes within their community and their markets at a time when competitive conditions have intensified. Yet most of these groups, which bny insurance on behalf of clients they represent, show few scars that they represent, show few scars that advance trailing. from the adverse trading con-

A year ago the industry was in the doldrums. The major UK brokers, who earn much of their revenues overseas in U.S. dollars while incurring most of their costs in sterling, were hit by the continuing appreciation of sterling. Throughout 1979 and 1980 sterling appreciated against the dollar reaching a peak in the closing months of 1980. In 1981 sterling declined against the dollar, which once again helped to enhance broking revenues and offset some of the

effects of rising costs.

Broking, which derives its revenues from commissions

by 20 per cent it follows that his profit is cut from 20 per cent of the brokerage to nil."

Conditions have remained extremely competitive in all extremely competitive in all insurance markets as rapidly expanding risk-carrying capacity chases slowly growing business volumes. The major brokers have found that the answer to the problem is to increase productivity, which may be achieved by more business processed by the same staff or a reduction in numbers, together reduction in numbers, together with an extension of the types of business they can place and more innovation in types of insurance programmes.

Over the past year or so brokers have been slimming down staffs, largely through natural wastage programmes, and developing large account business, particularly in the area of oil and energy.

To some extent the competitive squeeze on costs has been offset by the high level of interest rates. Undistributed tive rates, and on very sbortterm money passing through
the broker's hands to underwriters there are high rights. the broker's hands to under-writers there are high yields to largest insurance broker and

earned on insurance premiums, down on protracted delay. More-remains at the mercy of compe-over, brokers have found that titive conditions in the wider they are not deriving as much remains at the mercy of competitive conditions in the wider they are not deriving as much insurance market. Willis Faber benefit as they would like from invested cash since they have accounts: "If a broker runs his to fund claims themselves. UK industrial fire portfolio on Reinsurance markets prefer an 80 per cent expense ratio to hold on to the cash and (premium) rates are cut themselves during periods of high interest rates; rehis profit is cut from 20 per insurance and international insurance networks have become more complex and extended, so cash transmissions are slowed by increasingly elaborate insurance pro-

> Against this mixed trading background the insurance broking community is undergoing its structural upbeavals. The most extensive changes have taken place in the UK, where some of the more established brokers traditional role is under threat is under threat.

Lloyd's brokers have lost their historically exclusive access to the Lloyd's market as the three major U.S. brokers-Marsh and McLennan, Alexander and Alexander and Frank B, Hall—have all successfully purchased their own Lloyd's brokers.

Continued

ups bave continued over the last year, partly for defensive be obtained.

Delays in cash transmissions broker, called off their probetween brokers and underwriters can often be as long as two months, although underwriters are now trying to clamp

largest insurance broker and commissions with the U.S. The rationate beauth the UK's largest independent brokers which had produced the brokers was simple. The U.S. didaries. Their correspondent brokers and under-writers which had produced the brokers wanted to retain a relationships with other London brokers are likely to be phased where through broking the incomes on business which they out in the future.

The rationate beauth the U.S. The u.S. The U.S. Sidiaries. Their correspondent to retain a relationships with other London brokers are likely to be phased out in the future.

The rationate beauth the U.S. The

AMERICAN-UK BROKING LINKS

Alexander and Alexander	merger with Alexander Howden			
Correon and Black	owns 20 per cent of Minet Holdings			
Frank B. Hall	owns Leslie and Godwin			
red S. James	owns 2 53 per cent stake in Wigham Poland			
ohnson and Higgins	an informal link with Willis Faber			
farsh and McLennan	mounted a takeover of C. T. Bowring			

is a 53-per-cent-owned subsidiary of Reed Stenhouse Stenhouse Holdings Rollins Burdick Hunter close informal links with C. E. Heath groups to be able to speak with reinsurance markets. The re-

equal voice in any structure which would enable them to do so. A merger which would have established complete equality stumbled over the inability to recordile the taxation treatments of both group's earnings. Alexander and Alexander turned to Alexander Howden, a group which had been looking for a U.S. partner for sometime.

The U.S. group launched an

agreed takeover.

For Lloyd's brokers the palmy days are over. The last contraction in capacity in the U.S. in the mid-1970s saw business the contraction of the capacity in the contraction of the capacity in the capacity i ness volumes flow across the The major transatiantic link- Atlantic to London in huge quantities as insurers bad to lay off risks they could no longer accept because falling stock market values were eroding their reserves. Lloyd's brokers thrived. Although they shared commissions with the U.S.

cycling and churning of preto profits of the Lloyd's brokers

The U.S. hrokers soon saw

that their London counterparts were doing rather better than they themselves in world markets, elthough the lines of business were exactly the same. The key to the London brokers' supremacy was their involvement with 'Lloyd's. Lloyd's underwriters only deal with approved Lloyd's brokers. If U.S. brokers wanted to use Lloyd's they had to turn to Lloyd's brokers. Once the UK Lloyd's broker had access to the business volumes from the U.S., he could generate even more revenue for his own benefit through endless reinsur-

The rationale behind the link-ups was simple. The U.S. brokers wanted to retain a

ance programmes and arrange-

also wanted to extend their traditional retail-based businesses into the world reinsur-ance and wholesale markets. The way to do this was to acquire a London broker which already had a fully developed international network.

For his part the UK broker wanted to get nearer his principal market, the U.S., and the large multinational clients to ensure that business was retained in increasingly competitive conditions. Other UK brokers followed the trend of the transatlantic link-up fearing that if they did not forge links with U.S. brokers their business would suffer in the future realignments.

In this new realignment it is the U.S. broker who has gained most of the benefits. He has obtained direct access to Lloyd's and the international reinsur-ance community while retaining his independence. The UK broker, generally not of a size comparable to that of his major U.S. counterpart, has bad to sacrifice his independence in forging the relationship to retain his U.S. business.

Channelling

Those brokers in the London market who remain independent face a longer term threat. With their new London links the U.S. brokers have alreedy started channelling business through their new Lloyd's broking sub-

tional role is the legislation for improving self-regulation within the Lloyd's market. Parliament has decreed that Lloyd's brokers must radically alter their structures once the new legislation becomes law—which could be later this year. Accepted found by the House of Com-mons to be unacceptable. Selfregulation at Lloyd's cannot work unless conflicts of interest which andermine a system of fair self-regulation are eradicated, the legislators have said. To this end brokers' share-

holding links with the management companies of Lloyd's underwriting syndicates, the sellers of insurance, should be sold off over a period of up to five years after the legislation is enacted.

Alexander Howden, Stenhouse, Minet, and C. E. Heath are vigorously opposed to this sale, or divestment as it is known at Lloyd's. They are making a last ditch stand through a House of Lords petition in order to gain extensive revision of the clause and so avoid forced sales of what they regard as important revenue earners.

Although the outlook for the future structure of some of the major brokers' operations is uncertain the industry is look-ing bealthier than it bas done for some time. The lean last two years or so bave encouraged extensive cost-saving measures and rationalisation, UK brokers are probably more efficient than they have been for some time as computer systems have

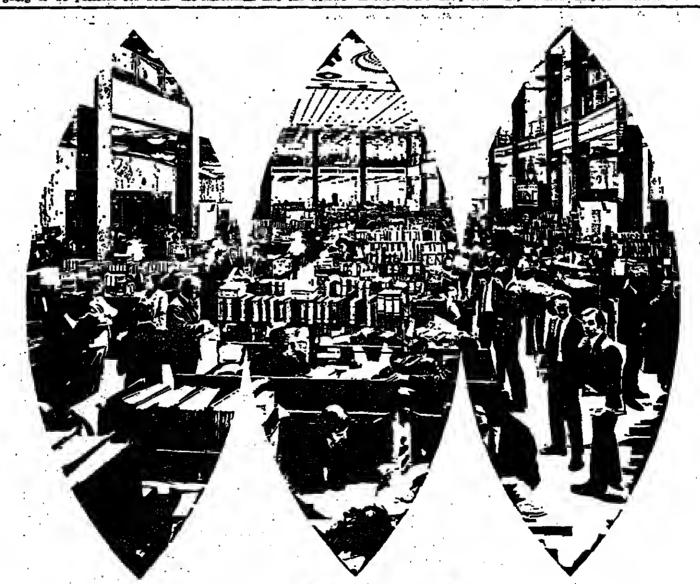
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effectively deployed.

Large non-insurance groups with broking subsidiaries are showing great interest in the sector, injecting more capital into these subsidiaries and encouraging ambitious growth programmes. It is predicted by some experts that the drive in the UK for greater efficiency among insurance companies through large mergers could lead to controversial acquisitions by overseas insurance companies, particularly U.S. insurance groups, of insurance brokers as well as the purchase of loss-adjusting and related

been properly organised and The period of extensive back room office staff more change has only just begun.



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is changing

ILOYD'S MARKET share is The reasons for the declining declining. From a 24 per cent market share and the changing world premium business mix within the Lloyd's volumes in 1950, Lloyd's percen- market include the following: tage share has contracted to 12 • There are more insurance per cent. The underlying decline is probably more serious than at first appears.

The underlying operators than ever before providing an abundance of capacity and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraching on Libra's and engraches are more insurance operators.

Outstanding liabilities at Lloyd's at the end of a three • Foreign markets are more year underwriting account are reinsured into the next underwriting period and credited as a premium. Often the amounts involved can be substantial. The last completed underwriting account for Lloyd's, for 1978, That figure was stated before the deduction of any re-insurance to close the under-

On a net written premium basis it is estimated that the premium income in 1979 amounted to £1.5bn, a figure which excludes the terminal

Lloyd's JOHN MOORE

1960s Lloyd's share of the London market, including all other insurance companies, and excluding life business, has declined from more than 23 per cent to about 15 per cent. Against this background of

falling market share Lloyd's mix of business is changing. Progressively the market is transforming itself into a pure reinsurance market. Something like two thirds of its business is now represented in reinsur-ance. Conventional direct business is becoming more hard to obtain, and Lloyd's is having to resort to its reputation for insuring the most exotic of risks in order to secure business. True, Lloyd's remains a significant marine insurance market, but a growing bulk of its premium volumes depends on reinsurance business.

 Captive insurance companies have been formed by major multinationala; premium volume increases have been checked by

the captive development. • The U.S., the world's largest insurance market, is retaining more of its premiums at a time when interest rates are high and an abundance of local capacity is available.

and encroaching on Lloyd's

protective over insurance revenues which they have come

to regard as an important part

 New Lloyd's-style markets are emerging in the U.S., and the Arab world is making a determined thrust into the international reinsurance and insur-

In this environment, Lloyd's has to fight for reinsurance business on the risks which are largely being insured in local markets.

It is hardly surprising then that Lloyd'a is divided internally about the possible advantages and disadvantages which would arise from an enforced separation of brokers' shareholding links with Lloyd's underwriting management companies once the legislation for improving the market'a self regulation becomes

Underwriters arguing against divestment say that it is going to be more important than ever in the future that a close relationship with Lloyd's brokers continues. The competitiveness of world markets is not likely to diminish. And there are fears among Lloyd's underwriters that brokers, lacking a commercial within the Lloyd's market, will

"I have no desire to see

place business elsewhere.

LLOYD'S PREMIUM INCOME (Total results and membership statisties)

	Premiums £m	Membership		
970	786.8	52.89	64.97	5,999
971	871.3	76.13	77.43	6,020
972	957.4	77.94	91.99	6,257
973	1.190.9	61.97	109.67	7,105
974	1,538.9	22.63	81.60	7,562
975	1,582.0	86.43	135.16	7,666
976	1,703.2	96.50	122.76	8,565
977	1,896.2	99.95	131.36	10,730
978	2,163.2	110.73	174.39	14,091
979	n/a	n/a	n/a	17,278
980	n/a	20/2	n/a	18,552
981	n/a	17/2	13/2	19,136
		- 4		00 145

Credits include net interest from investment of underwriting funds, and other credits from the appreciation of invested premium, plus exchange gains. Dehits include management expenses, investment depreciation, currency losses, subscriptions and other levies.

Lloyd's relegated from what I members agencies, introducin describe as a first division in- members to Lloyd's and provi surer and reinsurer to any in- ing the capacity to allow the ferior league simply because market to function in return for brokers have turned their attention elsewhere because they have continued to derive additional financial rewards market identity and its underfrom their endeavours in other lying security. The market markets, while we in Lloyd's identity, which has been croded have been forced to sever that in recent years due to the conparticular incentive," one under-writer said in evidence to

Brokers act for non-Lloyd's insurance interests through agency companies and there are fears among underwriters that their marketing arm will place busi-ness with these agencies rather than Lloyd's where they can

Those underwriters arguing against that particular view- ture will need the continuing point say the threat is imagined rather than real. Brokers will be underwriters to market what is retaining considerable commer-likely to be an increasing range

fees and profit commissions.

They argue that the compe

centration of capacity through the mergers of brokers, needs to be restored by eradicating any idea that Lloyd's is a broker managed underwriting pool Internal competition has been eroded. The possibility of abuse through conflicting interests needs to be removed to encourage new capacity, in the form of new members.

The changes in Lloyd's struc co-operation of brokers and cial links with the Lloyd's mar- of insurance products in a more ket through the ownership of competitive Lloyd's com

Popular means of business

broker, their markets and other firms has become more ditions have worsened. While premiums are not growing at the same rate as available market what business there is has to be made as commercially possible.

There are two kinds of reciprocity recognised by brokers and underwriters: the formal and the informal arrangements. Under a formal scheme two contracts are exchanged between insurers under which the premium and the profit are intended to be in balance. Under an informal reciprocal arrangement business is passed to a risk carrier or broker in the expectation that other business might be passed back in

As a form of commercial log-rolling it has its advantages and disadvantages.

Reciprocity

JOHN MOORE

Brokers could be ensured of a certain level of profitability, but elients may be unaware that the markets into which their business is being placed may be re-stricted.

arrangements between broken and underwriter may not work out to everyone's advantage. There have been problems in the past about parties involved to stimulate and make the arrangement commercially viable.

brokers have been eager to develop reciprocal arrangements with most of the emerging markets as soon as possible in order to prevent premium by-passing their

Reciprocity as a concept insurance market where one reinsurer exchanged a share of his treaty in return for company's treaty If successful it achieves an increase of incoming business in order to the volume of outwards reinsurance, reduces expenses and helps with cash. flow, and enhances profit-

It can add a diversification to a portfolio of business in terms of geographical spread and type of risk. The risk is that other insurers' business may not be as profitable as the account of the company where the reciprocal arrange-ment is made. Incoming rearrangement may only add to reinsurers' problems during a bad underwriting cycle,

Focus on divestment underwriting links

IF THE LLOYD'S brokers are forced to divest themselves of their shareholding links with companies within the Lloyd's market, the effects may not be as bad as some brokers first

feared. The percentage of business laced into the Lloyd's market has been decreasing over the years as the Lloyd's brokers' own operations have expanded. Some Lloyd's brokers only place a quarter of their business into the market with the remainder placed into international markets or UK insurance

companies. As brokers' revenues have grown so the percentage contributed by Lloyd's underwriting agency activities to profits has decreased. The effects on profitability are likely to be less than expected if divestment

Brokers are still to be allowed to retain their members' agency operations, which will allow them to introduce new members to the Lloyd's market and exert a powerful influence on capacity

Moreover. the structural changes could have a more deep-rooted effect on brokers' operations which may explain tha underlying concern and tension about the divestment

Four years ago 40 per cent of all Lloyd's premium of £1.6bn was produced by just three broking companies. About half the underwriting capacity was managed by agencies under the the largest agencies were con-trolled by the eight largest brokers which in return produced nearly 60 per cent of the premium for Lloyd's.

This concentration of capacity has rapidly accelerated since then and it is probable that with the takeover of Alexander Howden by Alexander and Alexander of the U.S. about half the underwriting capacity of Lloyd's is providing revenues for the world's three largest brokers.

The concentration of power has eliminated much competi-tion within the Lloyd's market supported Lloyd's pricing structure and provided a steady bedrock of earnings to both broking and underwriting groups. With premium rates supported by the erosion of competition within the Lloyd's market itself, inevitably brokers' commissions on those premiums placed with the Lloyd's community have also been cushioned,

The unbundling of capacity at Lloyd's could have an effect on brokers' revenues, which goes beyond the simple loss of revenue from fees and profit commissions earned from managing underwriting syndi-cates. In a community which could return to free market conditions, rates are likely to be under pressure and with them

The loss of fees and profit commissions from managing syndicates could be partly comLloyd's brokers

JOHN MOORE

of agreements between a member's agency, which the broker is still to be able to retain, and the independent managing agency with whom he has a contractual arrangement to intro-

duce members of Lloyd's.
The moderation of broker'a clout within the Lloyd's market might have an effect on pricing and break up some of the more cosy revenue earning arrangements. Already there have been threats by some of the larger broking bouses that they will place more business within underwriting agency companies which they manage on behalf of non-Lloyd's in-terests because of the additional financial incentives. Thosa that argue against divestment have said that future legislation for choose to observe the precedent ship of non-Lloyd's underwriting Parliament and UK legislators

have dismissed that argument on the grounds that the conflict of interests are by no means identical. Brokers own the capital they provide for their non-Lloyd's agency activities, whereas the management companies of Lloyd's underwriting syndicates do not own the capital of the members of Lloyd's which supports the market's operations to allow it to function.

Parliament concluded that members of Lloyd'a, policy-holders and the market itself needed to be protected from possible abuse in the shareholding relationship of brokers with underwriting interests. Parliament was satisfied that divestconflicts of interest which could undermine Lloyd's new powers of self regulation. Alexander Howden and other interested the insurance industry might parties are to seek an amendment in the House of Lords to of the Lloyd'a divestment to block divestment.

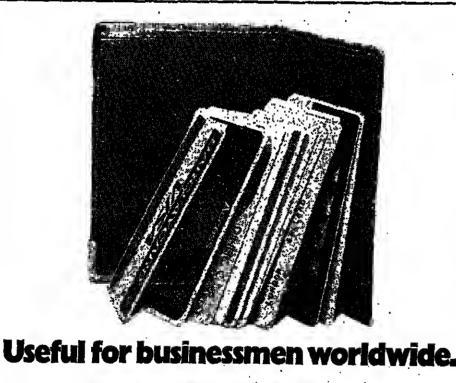
PROFITS ACCRUING FROM LLOYD'S UNDERWRITING AGENCIES

UNDE	LANKI I I M	G AGENC	IES	
	. (£'00	9)		
Insurance broker C. E. Heath	Year-end 31. 3.82†	Total pre-tax profits 16,250	Lloyd's agencies 600†	% of pre-tax profits
Hogg Robinson	31. 3.82†	9,630	2,000	21
Minet Holdings	31.12.81†	15,000	1,800	12
Sedgwick Group	31.12.80	39,138	3,000†	8
Stenhouse Holdings	30. 9.82+	10,875	950	9
Stewart Wrightson	3L12.80	7,388	408	8
Willis Faber Source: Sheppards and	31.12.80 Chase	19,870	1,000	5

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Competition intense as tide of new entrants runs on

REINSURANCE brokers are under pressure. Too many under pressure. Too many participants are operating in their markets. Insurance capital supply has expanded faster than business volumes and competition for new business

Marry 29 1992 .

INCOME

together the state of the state

o datistical

links

According to Mr Murrough Turvill, reinsurance marine As reinsurance programmes director of Willis Faber, this bave become increasingly contrend is continuing." It is now plex in their structures, it has more difficult to make money, because on the reinsurance side of the business competition is continuing to bring down reinsurance premiums and hence commissions."

With new entrants, attracted by the relatively low costs of reinsurance work, continuing to swell the market, established firms seem agreed that the competitinn is, if anything, getting stiffer. According to Mr Michael Butt, chairman of Sedgwick International, while the supply of world insurance in terms of the number of insurers has remained roughly constant over the last decade the number of réinsurers has risen by 25 per

The onus is now on reinsur-ance brokers to cut costs, and-

Reinsurance DOMINIC LAWSON

though this may be a conflicting nbligation-tn search for commission-earning premiums in

Mr Michael Howard, managing director of Sedgwick Payne Reinsurance International Brokers believes that "reinsurance brokers are no more conscinus of costs than they were five years ago." The very nature of the business limits the extents of cost-cutting. Reinsurance needs very little in the form of fixed assets or sophisticated marketing operatiion. As one reinsurance broker says: "Reinsurance broking is Iabour-intensive-that above all limits the cost savings we can sustain—our job is to save costs for the reinsured."

One obvious cost-cutting exercise bas already taken place. Since some 10 years ago most of the major firms in this have moved their administrative headquarters out

Murrough Turvill says that at dollar through "but that it is security as "the principal con-Willis Faber "we try to "artificial capacity." "People cern. This is being realised and countries concerned and certain rationalise our business the bave been so anxious to get the reinsured are moving busiwhole time. Modern machinery assists enormously. We are able out any increase in the number of people—a reduction in fact."

plex in their structures, it has sometimes been virtually impossible to disentangle the strata of reinsurance and identify the ultimate risk carrier, who has acted as broker and so forth. Within these chains cash transmissions have become stickier as all the participants do their utmost to bold no in the money and so gain valuable investment income. Paradoxically, the less efficient a party is in handling its cash flow, the more profit

able it is. Mr John Lepine, chairman of Norwich Winterthur Reinsurance Corporation, argues that if reinsurers are to produce satisfactory rates of return they "will be compelled to improve vastly their access to cash flows."

According to Murrough Turvill, "in the international recession everybody along the line has been longer paying, including the original insured party. But reinsurers are looking for quicker cash flow and they are probably getting it." Michael Butt is more optimistic: Time and attention to cash management has improved significantly, despite the temptation of high interest rates. Cash flow in terms of premium collection is much better."

To develop revenue, brokers -traditionally non-risk bearing agents-have in some cases moved into the field of providing underwriting facilities. These newcomers to that incurred in the form of retro-cessions, having gained interest on the money and a further slice of commission.

With the sluggish cash flow involved as the roles of the intermediaries become increasingly difficult to identify, one broker argues that "people are exposed on retrocession. A weak link is going to go up the spout -but then where does it end?"

many of the small newcomers have had to buy a lot of retro-

rationalise our business the bave been so anxious to get premium dollars that they have been writing retrocession. But to deal with more business with- it's not so profitable--it's losing

more than reinsurance." He believes that as this is retrocession is tailing off.
The problem of the security

reinsurers, who provide crucial support to primary risk carriers, bas come to the fore. Michael Howard describes security as "the major problem today. We will see a number of bankruptcies over the next few months and they will cause a lot of trouble. Security assessment is ultimately subjective but there must be basic guide-

Murrough Turvill sees

ness from doubtful people into the upper crust of the marketthe big professional reinsurers providing good security."

Reinsurance brokers travelling ever more widely around the globe in the quest for commission-earning pre-miums. Murrough Turvill belleves that "there is an increasing proportion of busi-ness from developing countries in terms of original premiums. In trying to get business we have to operate in every market in the world—and we have to be seen to do it. In some areas we bave to accept situations that

as an excuse not to pay."

Michael Howard is somewhat aceptical about the globe-trot-ting trend: "Every time one steps on to an aeroplane one runs up against other reinsurers trying in squeeze the lemon dry. In many cases they are working on an uncommercial basis. given the effort involved."

Nn matter how peripatetic, reinsurance in arguing that unanimous the role of London is not losing its importance. Michael Butt exemplifies this belief. "It is not true at all that London is losing is its importance. In terms of its being a centre it will remain

"Loodon is getting bigger. The traditional part of the market may be relatively less import-ant, but there are so many new-

cent capacity," as they are some-times called — are an increasing problem for the more established firms. Exploiting the relatively unregulated nature of the reinsurance market small undercapitalised bave been set up with the sole aim of exploiting the benefits of the cash flow arising out of reinsurance. When claims arise, this has made it particularly difficult for the responsible end of the market to recover its

loss in money terms ever, came and went and io its wake left

the market virtually intact.
Perhaps a man-made event
could cause the shake-up Michael
Howard argues that "high combined ratios are nnly sustainable nn high interest rates. If a wallop there will be tremendous clear-out."

Mr Douglas King, president of Frank B. Hall (Reinsurance) Holdings of New York, has argued that reinsurance brokers should become more involved in actuarial and reserve analysis as part of a total service to meet had the choice."

Deing a centre it will remain
the main one for some time.

Michael Butt agrees: "If you Other markets will go up and are in the international market

Deing a centre it will remain
the established brokers

might be forgiven for welcoming
a catastrophe leading to a contraction in capacity. But Hurri
broker can provide a more perknowledgeable one." the needs of ceding companies.

cane Frederic, which caused the suasive service if reserves are highest hurricane catastrophe analysed and actuarial assumptions tested on a periodic basis without the specific pressures of the renewal season," be said in

Michael Hnward argues that there is a trend towards "fund-ing-type work" and that "financial management, playing around with clients' balance sheets and getting involved in the manage ent of funds requires the broker to undertake a deeper investigation of companies' financial structures. Traditional reinsurance — going out and placing a fire treaty — will be-come relatively less important with the growing significance of this sort of financial work."

Indications of some hesitancy among small firms

DECEMBER 1 last was an historic necasion for the UK insurance broking industry. On that day the provisions of the Insurance Brokers (Registration) Act 1977 came into force. This meant that no insurance intermediary could trade under the title of insurance broker unless be bad registered both himself and his business with the Insurance Brokers Registra-

The passing of the Act was the culmination of years of effort to obtain a professional status and standing for insur-ance brokers similar to that accorded to solicitors and accountants. It introduced a system of self-regulation within the insurance broking profession, backed by statutory authority, under the watchful eyes of that authority.

Up to last December anyone could set up as an insurance hroker, irrespective of his qualifications, experience, integrity or financial standing. The Act lays down minimum standards for expertise and experience, together with a legally binding Code of Conduct governing the way brokers deal with their clients. The Act also sets out finan-

cial and audit requirements in running the business, including separate client keeping accounts. It lists the permissible assets in which a broker can hold money. It lays down a minimum level of com-Michael Howard believes that Modernisation is another cession to give themselves the down a minimum level of comThus it would seem that the accountancy bodies, so this favoured cost-cutting exercise. necessary capacity "to push the pulsory professional indemnity number of small broking busi- revelation must be somewhat

insurance, depending on the nesses registering is low and disturbing to the accountancy amount of business transacted by the broker, and sets out the procedures for operating a compensation fund.

Has registration been accepted by the insurance broking profession? After all, an intermediary does not have to register in order to sell insurance or give insurance advice. He simply cannot use the title insurance broker. But as yet there is nothing to stop him trading under the title of consultant insurance insurance adviser.

Tn date some 14,350 have been registered on the register of individuals. This represents a considerable number of insurance intermediaries wishing to identified as insurance

But turning to business region trations, to date there are 1,300 sole proprietors or partners covering over 800 unincorporated business—i.e., where the broker is self-employed. These registrations are in-cluded in the individual register. There are nearly 2,500 com-panies, both public and private, on the corporate register.

This may not seem many. It was estimated before registration that there were around operations. But no one knew precise figures, simply because

would indicate support for the profession. rumours that many small firms of intermediaries are not registering because they could see no trading advantage in return for the costs and bassle

But no one can draw a definite applications for individual inture from these figures. The registration, mainly because the icture from these figures. The Registration Council is still dealing with applications and delays are arising because many

Registration ERIC SHORT

ality. But another reason for the accountants in many cases did not produce the financial statements in the prescribed form, which for many included pro-

It is understood that the Registration Council is perturbed by the low standards shown by some auditors. The 9,000 insurance broking trading accounting standard requirements in the Act were drawn up after full consultation with there were no central controls, the official professional Thus it would seem that the accountancy bodies, so this

brokers left it until the last possible moment before applying for registration and found that it was not a mere form-

ducing a balance sheet for the first time.

The Registration Council has taken its responsibilities seriously and insists on all applications going through the full vetting process. It has

applicant could not meet the experience conditions. Thus an employee with an

Insurance company cannot set off on his own and automatically expect to be registered. It was quite common in pre-registration days for an insurance employee wishing to be bis own boss setting up as an insurance broker. Now he may have to serve an apprenticeship period with an established broker or trade as an consultant.

The insurance brokers professional body—the British Insurance Brokers Association (BIBA)-has been endeavouring to help registrations, It has run seminars and workshops all nver the country explaining registration procedures with particunlar emphasis on the financial requirements. These bave been free of charge and not confined to BIBA members. Secondly it operates a veiting

service for brokers' accounts before submitting them for registration to ensure they meet the requirements. A minimal

fessional status is the disciplinary procedures taken against members failing to conform to the standards laid down. The Registration Council has a complaints investigation committee

and a disciplinary committee. To date there have been about 300 complaints received from the public, of which over 90 per cent have nothing to do with the professional conduct of the broker concerned. The Council provides a useful focus for consumers to air their insurance grievances. BIBA would prefer the public to come to them first nver complaiots against its membera, because it feels it could resolve the problems easily without recourse to the

official procedures. There seems little doubt that registration as a means of con-ferring professional status to insurance brokers has had some success. One will he able to make a firmer judgment next year. This view is firmly held by BIBA, which would like in due course to improve the qualifications.

The Institute of Insurance Consultants (IIC), not surprisingly, holds a different view, since it was originally estab-lished by those persons violently opposed to the whole principle of registration. Now its opposition is mainly against the financial provisions which it claims are unrealistic for amall broking firms. The IIC

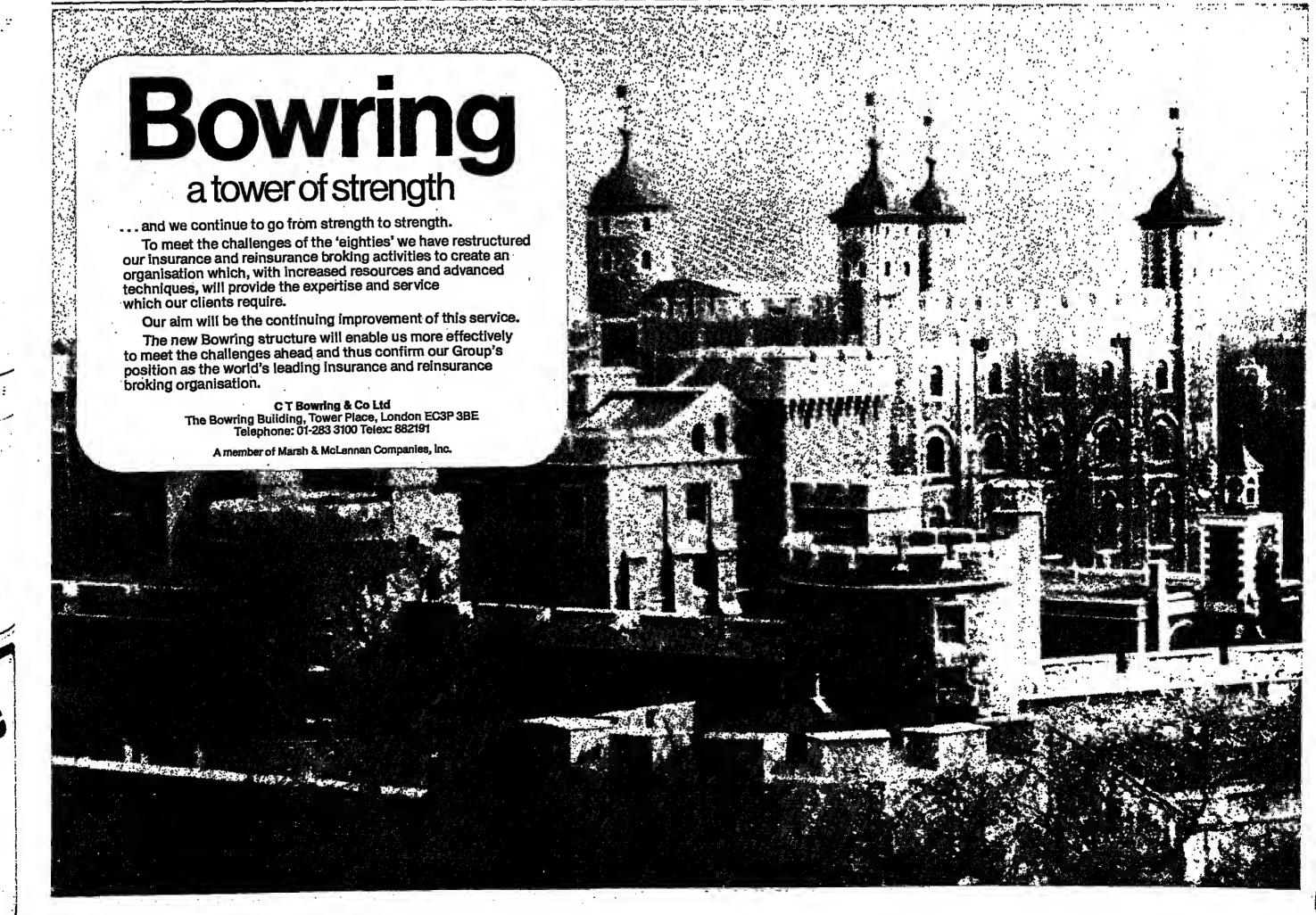
supports the general principle of conferring professional status but feels that its requirements are also sufficiently stringent for that purpose. The IIC claims to represent the interests of small- and medium-sized brokers. The twn

bodies should get together to produce at least a common formula for professional standards for the individual, The other purpose of registra tion was to control the whole system of insurance marketing and here the Act fails simply because it only applies to one sector of the market-registered iosurance brokers. It was envisaged at the time that the Government would also take steps to control all other sectors

of insurance marketing including the direct sales staff nf insurance companies. Instead it has done nothing, preferring to wait and see how

the present system works in practice — a statement that infuriates brokers. Even the independent pro

fessional adviser is not con-trolled since as stated he can under another title Indeed it would appear that some persons not registered have not bothered even to change their name. Registrar has been receiving complaints about persons illegally trading under the title insurance broker and has asked the local trading standards officer to investigate.



MINET HOLDINGS

Strong

profit

expected

£8.7m in 1980.

months of 1981.

growth

field of insurance brokers in the

past year in terms of profit

growth. In the first pine months

its profits before tax doubled to £10.6m. Its chairman, Mr John Wollrock, said in December he

results for the full year, and

analysts are looking for about

£14.5m profits compared to

Minet has gained to a greater extent than most of its com-

petitors in money terms from foreign exchange movements.

Some three quarters of its

brokerage income comes from overseas and the total swing on currency was worth £1.6m to the group's profit in the first nine

Growth has been helped by the significant shift in the im-

portance of the various sources

of the group's hrokerage income. In 1980 the portion from North America declined from 47 per

cent to 36 per cent while the contribution from Africa was up

from 11 to 14 per cent as was

that from Australia and the Far

East, UK brokerage income rose

from 22 per cent to 27 per cent

Minet also continues to benefit

from its new management structure, which separates the

group into seven profit centres,

and from a severe cost-cuiting

programme undertaken in 1980.

One consequence was the reduc-

tion of average UK staff by

8 per cent to under 1,400 in that

The directors are cautious about the outlook for 1982. They

anticipate some further growth, particularly if international

interest rates continue to fall,

remain as competitive as they

have in the past three years.

Mr Wallrock has been prominent in the debates on the Lloyd's Bill and has vicorously

opposed the move to divest

agency companies, together with

our company underwriting agencies, are entirely divorced from our insurance broking activities, hoth as regards

management personnel and even so far as each being housed in separate buildings," he said in

the group's 1960 annual report.

resigned to divesting and wants

to say no more about it. Minet's

management and member agencies accounted for about

20 per cent of pre-tax profit in

1980 hut that was an exceptional

year because of the weakness of

However, the group is now

"Our Lloyd's underwriting

management agencies.

of the £29.4m total.

malerially better

Our broker inspector directory

Belfast:		London (Çity):
Ken Halliday	Tel: Belfast 41112	John Littlewood, Tel: 01-623 8765
Birmingham:	•	Rod Parker, Jon Seal
John Davidson	Tel: 021-236 9848	London (Hammersmith):
Alan McGregor		Peter Jackson Tel: 01-748 4601
Brighton:		London (Holborn):
Dave Lee	Tel: Brighton 29755	Mike Hyde Tel: 01-405 9222
Bristol:		Manchester:
Pat Carroll	Tel: Bristol 297661	Mike Drew; Geoff Doyle Tel: 061-832 6931
Cardiff:		Newcastle:
John Pillinger	Tel: Carditf 27555	Dennis Patterson Tel: Newcastle 611091
Croydon:		Nottingham:
Chris Wells	Tel: 01-686 0611	Bill Granville Tel: Nottingham 49345
Edinburgh:	T1 62. TT 6000	Sheffield:
Colin MacKay	Tel: 031 556 62 93	John Hall Tel: Sheffield 753968
Glasgow:	7104 224 227	Southampton:
John Revill	Tel: 041-221 9277	Mike Pilling Tel: Southampton 25524
Leeds:		Southond-on-Soa:
Dennis Chapman	Tel: Leeds 448101	Norman Carr Tel: Southend-on-Sea 338333
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Profiles on this and the following page cover a representative selection of leading insurance broking houses in Britain and the U.S. Some of the UK concerns have transatlantic links

SEDGWICK GROUP

Faith maintained in London as a centre

largest independent insurance hroker in the UK. Group profits before tax in 1981 were £56.4m, z rise of 36 per cent on the figures declared a year earlier. Reported revenues for 1981 were £168.8m.

A year ago, Sedgwick was planning a merger with Alexander and Alexander of the U.S. which could have transformed the group into one of the world's largest, if not tho largest, insurance hroking groups. But Sedgwick wanted an equal voice in that merged arrangement and the structure needed to implement that eoncopt produced a whole bost of tax problems on both sides of the Atlantic. Tho merger plans were abandoned,

and Alexander and Alexander settled for a conventional takeover of Alexander

It is the second relationship with a major U.S. hroker which the Sedgwick empire has seen ended. Marsh and McLennan, the world's largest hroker, severed its shareholding links with Bland Payne, which merged with Sedgwick

which merged with Sedgwick in 1979, in favour of a takeover of C. T. Bowring.
"In spite of realignment, husiness will go where it is best handled," observes Sedgwick's chairman, Mr Neil Mills. "Brokers who have the best teams to handle their business will keep their husiness," is his reaction to surness," is his reaction to sug-gestions that the Americans will steer premiums to their captivo London brokers.

He acknowledges that com-petitive pressures are fierce but does not agree that Loudon as an insurance centre is diminishing in importance. "I think London will have to fight harder to keep its preeminent position hecause other markets are develop-

ing."
When bigh interest rates, which are now supporting fow premium rates, come down in the U.S. he reckons business will come back to the UK. "The American market is absorbing more of its own insurance business than It has done in the past when premlum rates are hard. Rates are soft. Casualty rates are soft and property rates are soft. Therefore it is not necessary for the American retail broker to export as

otherwise if rates are hard." Like many brokers with Lloyd's of London interests Mr Mills has become resigned to the fact that it is probable that Lloyd's brokers will bave to divest themselves of their shareholding links with Lloyd's underwriting syndicates. "We believe that in a

well-run operation divestment is actually nunecessary, but because it has got to the stage that It has with the interest of the media and Parliament it is probably better that we go through that exercise if the Bill is to be passed into He adds: "I hope it is poss

ible still to have inside the regulations a close relation-ship — unspecified."

C. E. HEATH

Independent eye on mergers by rivals

to Mr Frank Holland, chairman of C. E. Heath. Over the last tinued to boost investment 12 months markets have re- income.

mained very competitive.

Mr Holland is keeping a

We saw a little firming of rates in the marine and the aviation markets earlier on but that is slipping now." Mean-while, with competition in the U.S. market no easler, the UK is now showing all the reces-

The company is trying to in-crease its market share in these difficult conditions — "easier said than done"—by "more aggressive marketing and by going out and knocking on more

But the key to its current stra-tegy is cost control. The firm has been working hard on reducing ting out unnecessary waste, while the non-recrultment policy has cut staff numbers back by 50 to 1,100 over the last six months. These measures have held the increase in costs over the past year at helow the rate

The other factors in the com-pany's favour have heen the weakness of sterling, especially

TIMES ARE still extremely hard against the U.S. and Australian fers to expand by opening its in the broking world. according currencies, while high world-own offices abroad rather than wide interest rates have con-

> weather eye on the inter-national mergers conducted by rivals. At the moment "our phllosophy is to remain as an independent British broker we are of sufficient size to be independent, although anyone smaller than ourselves must be in great difficulties. Even our own size is possibly marginal."

Meanwhile C. E. Heath pre-

by acquisition. In recent years it has done so in Argentina, Switzerland and Italy. In each case the offices have been established to obtain reinsurance. business.

The company has been limiting its exposure to the Lloyd's market over the years, and now only a third of its business beads in that direction. It has not yet used new markets like the one in New York, although it is watching developments here with interest.

about the profits impact of having to divest itself of its Lloyd's underwriting agency, since the contribution from this source amounts to only 5 per cent or so of the total. But, Mr Holland is concerned about the potential knock-on effect as other governments consider whether they should introduce similar legislation. C. E. Heath has substantial underwriting interests in both France and

DAVID FREUD

Familiar faces among small firms new

TOUGH CONDITIONS over the past year or two have been shifting some long-established patterns on the hroking side of the Lloyd's market, where fission and fusion are going on

In the depths of the underhave slipped and hrokers com-mission has gone the way of premiums. At the same time insurance hrokers have suffered the rising costs common throughout the financial services industry.

At the small end of the market some older companies are thought to have been having real problems. Over-staffing in good times has painful consequences now, while the increasing size of claims has a distressing effect on cash flow in a period when under-writers are heing more careful —and slower—in meeting

It therefore looks para-doxical that more new broking farms have been coming into the market than years past. But these new-comers are mostly packed with faces that are very familiar in the market. Exiles from the major Lloyd's hrokers, they are often men who found their path obstructed when mergers transformed already large com-panies into megaliths.

Lloyd Thompson could be the identikit picture of a small breakaway firm. Less than a year old and employing only a dozen people, the firm is headyear of £500,000 on premium volume of around \$50m, the bulk of it in oil and marine hull accounts. It goes almost without saying that much of this business has followed the Lloyd Thompson brokers from their previous incarnation at Alexander Howden.

Robert Fleming Insurance Brokers is only a few months older than Lloyd Thompson, having been started in October 1980 by Mr Peter Stoddart and Mr Clive Bowring. Each had worked for C. T. Bowring for more than 20 years: "Leaving was a traumatic experience, which I would not want to repeat. But none of us regrets the deci-sion," says Peter Stoddart. So far, Fleming Brokers has specialised in liability risks

(including medical malpractice and errors and ommisisons insurance) but at the end of March the team is being strengthened by some "fairly strengthened hy some high-powered " marine reinsurance experts. All are senior men-refugees from Howden and Bowring—and know all the people involved. As Mr Stoddart says, that gives credibility.

That has also been the experience of John Plumber and Partners, which is now approaching the second anni-versary of its Lloyd's registra-

Although its sharebolders include Unilever and Sir Freddie Laker — each having a 10 per cent stake — threequarters of Plumber's equity is spread around people who work in the company, account-Cannon Street Co-op."

Countervailing the hreak into a much wider tradeaway movement, there is a orientated financial services

trend for some more established firms to strengthen their position by going into larger groupings. This consolidation may he a purely insurance broking matter—as when Willis Faber recently absorbed the residual position on the strength of the properties of the position on the strength of the position on the strength of the position on the strength of the position on the strength of the position on the strength of the position on the strength of the position on the strength of the position on the strength of the position reinsurance specialist Carter new board. Wilkes and Fane — but the significant tendency is for diver-According to Mr David

some day.

sified financial companies to provide the umbrella. From the broker's point of view a combination of strong financial backing with a degree of autonomy is the ideal. Robert Fleming offered that possibility to Peter Stoddart and his colleagues when they were starting their new ven-

Something of the same reasoning entered into the motives of Seascope, when it decided to merge with the merchant bank Henry Ansbacher. The enlarged group, which is due to come into being next month is intended to develop

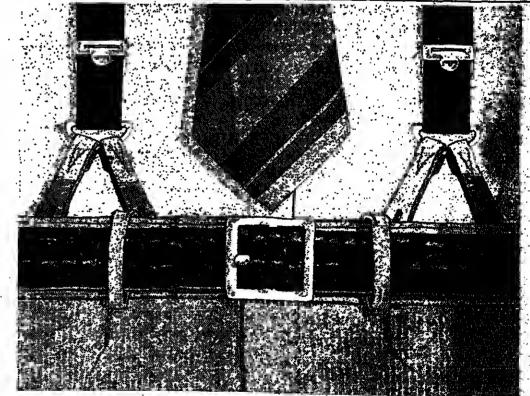
d'Ambrumenil - deputy chairman of Seascope-that gave the offer from Anshacher a clear advantage over two others that were on the table. But in any case it was time for Seascope—established in 1970 and with forecast profits of £2.1m in the year to May next—to "upgrade
... play bigger game." There
was also an attraction in gaining the ability to use quoted
paper; Seascope's own further expansion was limited by its status as a private company and if it had not merged with a quoted company a flotation

hroking. They normally would contribute about 10 to 12 per

JEREMY STONE

Minet helieves that Lloyd's will remain important to it and has no policy aimed to shift husiness away from it. The group, in which the major U.S. hroker, Corroon and Black, has a 20 per cent shareholding, is would have been necessary committed to remaining mainly

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HCLININGS

cins have

MARSH AND McLENNAN

World leader sets a hot pace

MARSH AND McLENNAN, makes AND McLENNAN, the world's biggest insurance broker, is in the process of trying to digest a phase of trapid expansion in the late 1970s which included the rapid expansion in the late 1970s which included the acquisition of C. T. Bowring, the large London broker. In January chairman Mr Jack Regan announced that Marsh's entire retail broking operation—which consists of many companies, some subsidiaries, some only partowned—will be pulled together into one massive organisation. Marsh has 274 offices in 42 countries.

The aim is to bring more unity and consistency to this sprawling empire. Eventually all its components including Bowring will have their name Bowring will have their name changed to Marsh and McLennan. "Within the insurance brokerage industry only Marsh and McLennan has the resources to establish such an organisation," boasts Mr Patton Kline, president.

Other brokers may object to such hyperbole. But Marsh can claim with some justification to have set the pace for

tion to have set the pace for the international expansion of U.S. brokers. Its acquisition of Bowring in 1980 was a landmark event in transatiantic broking and added to the pres-sures on Lloyd's of London to

eventful year, expanding its oil

restructured its operations in

line with tongher market con-

total headcount, including asso-

WILLIS FABER

be more receptive to foreign broking interests. The loose ends of the acquisition were only tied np in February, when Marsh disposed of Bowring's credit finance company, Bow-maker, to Lloyds and Scottish for \$150m for \$150m

Marsh has set itself a target of a minimum 10 per cent annual growth in real earnings, minual growth in real earnings, which it has managed to achieve for many years but now recognises is a much tougher task because of the less favourable business environment. Last year profits were up about 20 per cent to \$120m but underlying results were uneven, partly because of the weakness of the insurance business generally and partly because of a drop in earnings at Bowmaker.

Given the big shake-up that is currently reshaping the U.S. financial service industry, there has been speculation that Marsh might seek an alliance with a financial service company. Mr Regan discourages such an Idea, however.

"If we are close to anything, it is to the accounting profession." be says, believing that there may be scope for bundling certain types of professional services together.

DAVID LASCELLES

Faber's business. "We have enough to do to be good at our

BAIN DAWES

Large and diversified spread of interests

brokerage groups in London, was created by the merger in 1970 of A. W. Bain with Gray Dawes, Westray and Harvey Trinder. Bain specialised in placing business with tariff companies and Gray Dawes 1870. panies and Gray Dawes was a group of mainly marine brokers owned by Inchcape, the large overseas trading company.

Bain Dawes was wholly owned by Incheape until July 1979 when M. M. Worms of Paris took a 20 per cent stake for £4.5m. Worms was interested in achieving strong representation in London-for its general insurance company, Preservatrice-Financiere. The relationship with Worms

nas been a satisfactory one for both sides, although the spectre of nationalisation is now looming over French insurance companies "It does not seem to worry

our French cousins," says Mr Frederick Locke, financial con-troller of Bain Dawes. "I do not thing it would make a lot of difference to us. Our rela-

2.000. Bain Dawes is structured in the customary way. Its large UK operation comprises marine, aviation, North American, over-

BAIN DAWES, one of the seas non-marine and UK non-largest unquoted insurance marine divisions.

Then there are the Lloyd's underwriting agencies of Gilliat Scotford and Hayworth, together with the Members Agency and the Bishopsgate Insurance Company, acquired in 1979 from P & O for £5.8m. The group also has significant subsidiaries in Canada, Austra-lia, New Zealand, Hong Kong and Taiwan.

In the year to March 1981 brokerage income was up 11 per cent to £23.8m and net premium income was more than doubled to £15.7m following the acconsistion of Bishopsgate.

Pre-tax profits were up only 7 per cent to £5.5m, reflecting the weakness in premium rates, deterioration of expense ratios and adverse impact of exchange rates common to the industry. Conditions remained difficult in 1981. The group is changing its year-end to December in line with its parent company and

of 1981 are due shortly. Bain Dawes has accepted that it will probably have to divest of difference to us. Our relationship with them is purely a its Lloyd's managing agency commercial one."

With an overall staff of about when the current Lloyd's Bill when the current Lloyd's Bill when the current loyd's ecomes law. Gilliat's contribution to profit in 1980-81 together with the Members Agency amounted to £284,000 before

management agencies, although

"It has to have immunity of some form, but I'm ambivalent

can understand the reluctance

of some people to let anyone put

regulator.

results for the last nine months

tax, only 5 per cent of the total.
But Mr Locke said the move
was unfortunate. "I think it
could have been avoided if
Lloyd's had put its foot down on a couple of occasions. And the agencies could end up with owners who are worse than

Bain Dawes is still trying to get more Lloyd's business. As a result of the 1970 merger the

ways of increasing its non-Lloyd's.

Another major thrust for growth is the U.S. market. Mr Locke said the group would like to find a brokerage business there to buy but the opportunities are few and far between.

Rapid rise into the top ten

WE HAVE now put our jigsaw puzzle together," observes Mr Nick Samnelson, 40-year-old chief executive of Jardine Insurance Brokers, one of the fastest growing insurance brokers in the world.

In terms of premium Jardine will be processing \$1bn of business this year. which on that criterion makes it the world's tenth largest insurance broker. Three years ago, using the same criterion, Jardine was not in

Almost from nowbere Jardine Insurance Brokers has become a significant force in world markets, employing ,600 staff compared with 250

in 1970. Nick Samuelson explains the strategy: "In 1978 and 1979 we had a good look at what we should do. We could either become a specialist line broker or a major broking force in world markets." The group decided that it would develop its retail broking role -advising organisations worldwide in both the private and public sectors on insur-ance—in the UK. Pacific Basin and North America.

It marked a different strategy from some of the other UK brokers in that Jardine was making a conscious effort to get a closer involvement with its clients in its major markets. Other UK brokers saw international expansion in terms of developing their wholesale operations, placing risks worldwide in international markets through the establishment of correspondent

links with other major overseas brokers.

The plan involved an ambitious acquisition programme, in 1977 the group acquired for £5.5m Thompson

Graham, which became the nucleus of what is now the group's UK-based reinsurance company Jardine Thompson Graham. Then in 1980 it purchased Clearlies Extensive States of the purchased Clearlies Extensive States of the purchased Clearlies Extensive States of the purchased Clearlies Extensive States of the purchased Clearlies Extensive States of the purchased Clearlies Extensive States of the purchased States of chased Glanville Enthoven for £11.7m, a substantial wholesale and retail broker. which extended the group's existing UK operations and Jardine's network of overseas offices. That merger effectively trebled

brokerage income.

This year the group has completed the acquisition of Bache Insurance Services, the 11th biggest retail broker in the U.S. Bache employs 600 people in 20 offices equally divided between the west and east coasts of the U.S. Bache contribution is expected to be contributing \$30m in brokerage in 1982. In four years brokerage at Jardine will bave grown from

\$7m to \$100m. With extensive retail broking operations Jardine is now looking to develop its wholesale markets. In terms of its existing operations Nick Samnelson reckons that it is organised more on the lines of America's Marsh and McLennan than are other London market brokers.

By 1987 the group aims to be one of the six largest broking companies in the world. Backed by the financial muscle of the old-established Jardine Matheson trading empire it achieve that aim

LOWNDES LAMBERT

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Firm line taken to cut costs

MR RICHARD SHAW, the 45year-old chief executive of Lowndes Lambert Group, the insurance and reinsurance broking arm of the Hill Samuel mercbant banking empire. faced a berculean task when be took over the top job two and a balf years ago.

Insurance broking was about to become a sizeable loss maker for Hill Samuel, substantial bad debts loomed and there were innumerable structural prob-lems within Lowndes Lambert.

"My primary task was to complete a merger, started back in 1972, between Lambert Brothers and L. Hammond which had not properly been put into effect," be explained. There was extensive double and triple running of systems between the two groups which were not cost-effective and which needed to be rational-

Shaw altered the divisions into operating companies so that the marino company, which used to be called Lambert Brothers Insurance, is now Lowndes Lambert Marine. He separated the pure non-life insurance broking activities from the life and pensions side of the business, the result of an earlier merger. Other divisions, which bad

een enjoying autonomy with different systems and back-up arrangements, were brought nto a group structure in an

effort to reduce costs.

The group bas had to make large capital expenditures on its systems and integration of never done us any favours in its back-up arrangements. "It the past nor have we done any will be 1985 before we see a specific favours for them. The lot of the benefits." says Mr underwriting agency company Shaw. To make the business more

cost-effective Lowndes Lambert has now drawn up minimum premium requirements on direct UK business and on its overseas operations. Business broked by Lowndes Lambert, as a general rule, must now generate a certain size of prenium volume before the group handles the business. On the international scene

Shaw says that Lowndes Lambert has tried to involve itself more beavily in the U.S.
"Although we have a big U.S.
dollar marine account, on the non-marine side we are very small indeed compared with the enhance future profitability. I.M. major brokers.



Mr Richard Shaw

"What we bave been doing is concentrating on cementing the links that we have already tbere," explains Shaw. Lowndes Lambert bas links with its major U.S. producers of business, Frank B. Hall and Alexander and Alexander.

"While in the long term Hall and Alexander and Alexander will wish to support the acquisitions which they are making in the UK broking community we are finding that our account is growing with them rather than the other way around." For Alexaoder and Alex-

Lowndes Lambert is placing lines of oil and energy business; and the group's U.S. cargo account is growing.

Shaw is fairly relaxed about the internal row at Lloyd's sur rounding the proposed divest-ment of brokers' shareholding links with underwriting syndi cates. "Divestment will not affect us at all. Our Lambert Underwriting Agencies has is already a direct subsidiary of the Hill Samuel group anyway, an arrangement which was made as soon as I arrived. We believe that because the agency is a wholly-owned sub-sidiary of the Hill Samuel group as opposed to the broker it will be seen to be totally independent. If it does not follow the new .ules then we will have to think again."

His plans for the future include the completion of negotiations for a substantial acquisition which will add a lot of brokerage to the group's present global £19m figures and

and gas division, launching a prize for manufacturing effecsary. "In this consumerist age we have accepted reluctantly," own trade. We don't want our In November Faber launched people to be diverted into building societies or sweet tiveness and appointing a new a £10,000 prize for manufac- he said. About £1m, 5 per cent of Faber's 1980 profits before tax, Mr David Palmer, chief executuring effectiveness to be shops." tive since 1978, became chairawarded by the Institution of Faber's major existing diver-sification is its 22 per cent stake in the merchant bank Morgan came from management and man at the beginning of this Mechanical Engineers. The idea year. Mr Palmer joined the group in 1959 and has been a director since 1961, rising to deputy chairman in 1972. members' agencies, of which is to promote innovation in the more than half came from Grenfell, The holding accounted area between invention and promanagement agencies. for about 14 per cent of the duction. Six steps in the manu-Mr Palmer is less concerned group's £19.4m pre-tax profit in about Lloyd's being given some As his succession is a natural immunity from prosecution so that it can be an effective one and the group has recently

Oil and gas division chosen to head growth

Faber decided some time ago that one of its main avenues for growth was in broking to the oil and gas industry. Last dictions, no further major organisational changes are en-October, together with Heddington Insurance, a Texaco sub-Mr Palmer is pleased that Faber has managed to hold its sidiary, it formed Heddington Brokers as a specialist reinsurance broker in Bermuda. chates, to about 4,000 in the past year, although the UK

Mr Palmer said at the time staff has grown slightly to 2,700. that the group welcomed the As his background indicates, further development of its he is totally committed to the relationship with Texaco. "This insurance industry and has no undertaking is a major step for-

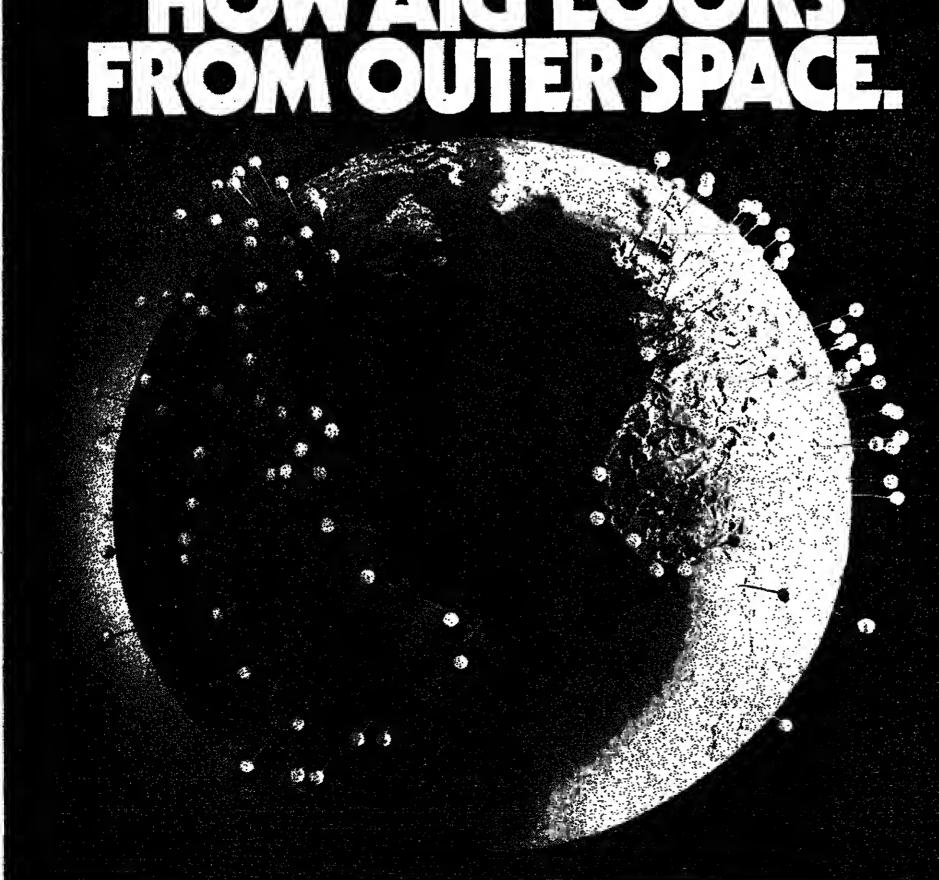
interest in further diversifying ward in the expansion of our having to sell off its Llovd's two-year-old oil and gas

> facturing process have been defined and contestants will have to show that they have advanced the efficiency of at least two. For the moment it is a once only award, until the group sees how it develops.

on whether it should be from Parliament. I listened to the debates in the Commons and I Faber bad another year of profit growth in 1981 despite difficult market conditions, Profits were up 40 per cent before £27.2m, helped by himself above the law. But I think there are enough safefavourable exchange rate move-ment and a useful increase in the volume of reinsurances.

The group is resigned to

guards that someone wronged



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Unit trusts

Annuities

The second secon

Table 1-LIFE BUSINESS Expect to decline Present Expect to grow (percent) (percent) (percent) (A) REGULAR SAVINGS Any regular savings Protection policies Endowment mortgages 19 Conventional with-profit Unit-linked Commercial business 39 Permanent health 39 (B) SINGLE PREMIUM Any single premium business 69 Guaranteed bonds 30 Linked bonds 30

Table 2—PENSIONS BUSINESS				
ployed pensions (all types)		Expect to grow (percent) 60	Expect to decline (percent)	S
ofits-regular premiums	92	45	7	d
ofits—single premiums	74	34	7	ъ
ked—regular premiums	59	36	1	g

19

32

Self-employed pensions (all types)	Present business (percent) 96	Expect to grow (percent) 60	Expect to decline (percent) 10
With-profits—regular premiums	92	45	7
With-profits—single premiums	74	34	7
Unit-linked—regular premiums	59	36	1
Unit-linked—single premiums	48	22	1
Executive pensions (all types)	85	50	7
With-profits	81	40	6
Unit-linked	51	28	1
Group pensions	69	38	9
	_		

Profusion of contracts to handle

THE PAST decade has seen points concerning his busiradical changes in the UK life ness:that have had far reaching effects on the marketing of life and pension contracts by life hrokers and niher intermerdiaries.

Over this period life and pensions contracts have taken a going to sell? for the individual. Life companies, especially the unitlinked companies, have devoted maximum use of the tax concessions given to life assurance.

Through life assurance inestors can use a variety of unds — including specialised ectors and overseas investent-for their portfolio planing without having to invest

The net result is that life prokers are being faced with a growing variety of contracts. varying in complexity, from an increasing number of life companies. The life broker has to consider where he goes from here and how he will transact his business in the 1980s.

He should be giving serious

and pensions industry, changes • What are brokers going to sell nver the next 10 years?

• Tn whom are they going to sell? · How are they going to market their products? Whose contracts are they

central role in financial planning . How are they going to be Tenunerated?

The attitudes of intermediaries to these questions considerable time and effort to can be gauged by the in-depth designing contracts that make survey made last year by City Research Associates on behalf of certain life companies, who naturally are also interested in the answer to these questions.

The survey shows the current pattern and source of business transacted by those inter-mediaries in the sample and shows the way these brokers think business will develop in the future.
Table 1 shows the present

patiern of life business of intermediaries. All were involved in regular savings contracts with virtually everyone handling con-ventional with-profits contracts and protection plans providing life cover unly. The great majority sold Permanent Health consideration to the following Insurance (PHI), and handled

commercial life and pensionsemployed pensions. business as well as marketing in individuals. But still over a of the substantial concessions

The vast majority of those in the sample, but not all, also deal in single premiums life busi-But it was somewhat

Life business

ERIC SHORT

surprising to find that over 10 per cent did not sell this type of contract. The spread was quite varied—two-thirds sold guaranteed bonds, the growth area in recent years for the older investor. Only just over half were handling linked single premium bond business and only a third sold unit trusts. About three-quarters

Table 2 shows the involvement of these brokers in peosions business. Almost all brokers dealt in some nr all forms of pensions business, with over 95 per cent bandling self-

This is not surprising in view quarter of brokers in the sample given to self-employed pension did not handle unit-linked arrangements by this Govern-

ment. The effect of the latest batch of concessions in the latest Budget will no doubt come through in the next survey by City Associates. The reluctance of

business is even more marked in the pensions field-40 per cent from the sample. It is also interesting to see that a significant minority do not market single premium pension con-tracts. There is a much higher commission paid per unit premium on annual premium con-

tracts compared with single premium plans. Over 80 per cent of the brokers sampled marketed exe-

cutive pension arrangements. not surprisingly in view of the popularity of these plans and the high commission payable. Around 70 per cent dealt with company pension arrangements. Both company and executive plans require specialist knowledge if they are to be marketed correctly.
Turning to the future, two-

thirds of brokers expect both their regular savings and their single premium life husiness to grow in importance nver the next few years but are divided on whether this growth will come from conventional or unitlinked. A third expected conventional with profits to decline in importance:

Less than two-thirds brokers expect self-employed pensions in grow in importance. surprisingly low figure in view of the incentives given, though only 10 per cent expect it to decline in importance. Indeed very few brokers expect pensions husiness to decline at all. Most expect company pensions husiness to remain static and half expect executive business to grow in importance. What is not clear is whether this lack of optimism reflects hrokers' views of economic recovery. Pensions business is very much dependent on a buoyant company and husiness

environment. The survey shows that the broker's main sources of life business still remain his existing clients and recommendations by them. This includes contacting those existing clients sold non-life business. Around half the brokers wrote to potential clients and followed up by telephone. Less than half the hrokers in the survey received

It is interesting to note that few brokers telephone potential clients cold, in contrast to the practices of the direct salemen of life companies. There was a growing awareness of the direct mail shot approach with around one-third of brokers using this method to contact existing clients. Mail shots to brokers to handle unit-linked other persons in order to obtain business were not widely used.

The commonest method of advertising was simply an entry in the Yellow Pages but with a growing interest shown in Thomson local directories. Nearly a third of brokers advertised in the local Press and a slightly lower proportion in specialist journals. Very few brokers used the national Press.

It would appear that brokers need to consider very carefully this aspect of their operations and to reappraise their methods of generating new business. The success of the direct salesmen indicates that it is no longer sufficient for brokers to merate from their offices. It is interesting to note that

Royal Life—the life company within the Royal Insurance Group-intends to market its new unit-linked operations directly as well as through intermediaries — in contrast to its traditional business, which is sold mainly through intermediaries.

In selecting a life company hrokers looked for good technical hack-up and smooth administration as well as good investment performance. They required quotations within 24 hours and policy documents within two weeks, Life companies seeking to expand their broker husiness will need to bear this in mind.

A much more important consideration is the type of life company used by brokers. Brokers tend to use a wide variety of companies with no special bias. Only one in 10 uses mainly unit-linked companies and one in three uses mainly conventional companies. One in three brokers avoids using life companies with direct sales forces and slightly fewer avoid companies with tied agents. It would appear that brokers are trying to force the life companies' hands to use either direct sales and tied agents or brokers - but not

Life companies which are not members of the Life Offices Association (LOA) or the Associated Scottish Life Offices (ASLO) invariably pay commisbusiness through professional sion above the official LOA sion Street advisers such as solicitors and maximum scale, at least on price £20.

Financial Surveys in the FT

The following financial surveys are scheduled to appear over the next few weeks:

Scottish Banking

To Scotland's traditional core of clearing banks and insurance houses have been added merchant banks and risk capital providers. How the sector is faring in the current economic climate.

Australian Banking

Sweeping changes in the system have been recommended in the Campbell report. Are the authorities and financial community prepared to implement

Personal **Financial** Planning

Advice to the individual on life assurance, pensions, house purchase and on investment opportunities at home and abroad.

Gold Futures

A London market is due to open next month. Links with existing markets in the U.S. and elsewhere. Physical trading in gold and investment avenues.

some contracts. This has caused considerable controversy and brokers have been seeking higher commission from the LOA. But only 7 per cent of brokers use LOA/ASLO companies for most of their business compared with 43 per cent using mainly member com-panies. Half the brokers use both types of life companies

equally.

It will be interesting to see in the next survey whether this pattern changes.

*A Survey of Life and Pen-sion Brokers 1981 from City, Research Associates, 5 Carthusian Streeet, London ECIM SEB

Freedom directive bogged down in Brussels

its first draft directive to Netherlands are the two couniliberalise the non-life insurance tries pushing the hardest for the market. Today the EEC is no nearer to breaking down the the directive was dragged out of national barriers. The directive the backwaters and became a is still stuck in the bureaucratic political issue. machinery of Brussels while UK insurance brokers sit back fum-

But its not just the insurance brokers and insurance companies that are missing nut. The position is equally frustrating for many industrialists. A large European multinational cannot buy one policy to cover all its European risks. It is forced to insure in national markets with local companies. That can be an expensive exercise and at times

For a while last year it looked tions were lobbying politicians as if there might finally be a to push the directive through

removal of national harriersthe directive was dragged out of

The Union of Industries in the EEC-the European equivalent ing hecause they continue to be of the UK's CBI-made an imdenied full access to the EEC passioned plea before last Decmarket for non-life business- ember's meeting of the Econoestimated to be worth £30bn a mic and Finance Ministers in Luxembourg. The industrialists stressed the need "to eliminate the obstacles to the free provione member state to another." They added: "It is in the Interest of European industry, as a policyholder, to be able to cover its risks with those insurance companies which offer the cover it requires on the most

favourable terms." In the UK Lloyd's of London and other insurance organisa-

TWO DECADES have passed breakthrough. With the Dutch into Community law before the West Germans. The Bonn change the rules? Anyway it is since the European Community and then the British both serve end of the British term of presidecided in press for a common ing their six-month terms as dency. Even the U.S. insurance market in services. Seven years President of the Council of sector was campaigning for agn the Commission produced Ministers — Britain and the further liberalisation of the non-

Harmonisation

TERRY GARRETT

But the meeting in Luxembourg, chaired by the Chancellor of the Exchequer, Sir Geoffrey Howe, failed to make agreement. The directive sion of insurance services from has well and truely run into the

> The problem is that not all the countries taking part in the negotiations want the status quo to change. Bring down the national barriers and competition will undoubtedly increase, with the effect that some local markets within the EEC will

inevitably lose business.

British also argue that the German insurance industry is running out of growth, a development which has led to a more protectionist stance by the authorities and an aggressive drive into overseas markets.

Germany is not seen as the only country hostile to the opening up of the market. France bas sought to change the hasis of taxatinn and widen tax applications to its insurance industry. But some people in the UK believe that if the French could have their own way over VAT on insurance premiums they would soon unlock the rest.

Yet other member states seem to be adopting the view down. But it would need an that their national insurance industrialist with plenty of markets have functioned per-In Britain the accusing markets have functioned per-financial resources-finger is quickly pointed at the fectly well up to now so why more determination.

Government may like to wave all beginning to look a bit the banner of defender of the academic. The Anglo-Dntch free market but it has one of attempt in 1981 to make some the most restrictive supervisory progress nn the issue has failed. authorities in the EEC control- The Presidency has now passed ling its insurance market. The over in the Belgians who have one of the most restrictive insurance markets in the EEC. Britain cannot use the power of the Presidency to keep the directive high on the Ministers' agenda. It looks as though it could remain haried until the Netherlands moves back into the chair in 1986.

> Perhaps the only real hope is to get the issue in front of the European Court. If an iodustrialist in another member state were to prove brave enough to break the national rules and insure outside his country that might cause sufficient reaction to get the whole thing in front of the court. There, the British bope, the final barriers might be broken

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I Puritani

by DAVID MURRAY

Bellini's I Puritani, newly produced for Welsh National Opera by Andrei Serban, will reach London Wednesdsy week; meanwhile it travels, and I found it playing to an enthusiastic Birmingham audience on Friday. Austerely bot hand-somely set by Michael Yeargan, the performance boasts lusty singing across the board, with a team of solo voices that roundly matches the sterling W.N.O. Chorus. All from these Bellinl-Donizetti repertoire.

Mr Serhan is a producer who, like Götz Friedrich, makes visual realisations even when his guiding ideas are duhious. Pepoli's story for I furitani, with its bemosed Puritan garrison. Royalist hero and queenly fugitive, is quite unusually thin and silk and its mad soprano heroine more inconsequently med than most; Serban's game is to make her a twitching doon from the start. That doesn't detract from her own visiooary warblings, but it leaves her oo room for thinking idly what a Wozzeck sympathetic interplay with the other characters: why don't all these gentlemen who come up and eddress her so tenderly just make an excuse and run? Moses preserves his mystery by Suzanne Murphy's Elvira is no frail object of pathos, but a Newman's Riccardo, addressing his music with acute dramatic sense and a virile timhre, and even creating a solid, persuasive character: I found myself thinking idly what a Wozzeck he might make. The role of Giorgio—"Sir George Walton"—is crucial, but strangely under motivated; Geoffrey Moses preserves his mystery by betraying no visible expression (and alternating just two suzame Murphy's Elvira is no frail object of pathos, but a tall, striking girl who looks strong ecough to pose a real threat in her next manic phase. We don't know who she was when she was herself. One crazy pleasant to hear—without any pleasant to hear—without any pleasant to hear—without any image: the Act 3 battlefield was word-pointing to speak of. The a foundered fairy-tale coach at cast is completed by the excelstage ceotre, and halfway lent Devid Gwynne, Catherine through the act Elvira suddenly Savory and John Harris. The sits up and peers out of it, like action, with and without a muzzy Cinderella wondering Serban's imposed readings, what the hell has happened to

treating us to soft colours twice sophisticated score in the as effecting as the visible tics singer-oriented tradition, and with which she's afflicted. There the W.N.O. makes much of it.

are suggestions of the classical morhidezza that is too generally missiog from the vocal lines here; Bellini's sentiments are calculatedly elegant, and the robust, ringing delivery of the W.N.O. cast is rarely fined down to 'accommodate small graces. The conductor Julian Smith makes much of Bellioi's bap-piest orchestral thoughts, but he sounds like a man aware that

the opera is long and dramatic-ally patchy, anxious not to let W.N.O. Chorus. All from these islands, too, though it's Italian it drift; be allows little give singing of full-throated character—enough to dent well-founded prejudices about grey British vocalisation in the Ballint Denisatii reposture. poignant undercurrent thereby, deceotly stirring though It was. Dennis O'Neill, the Arturo, is splendidly equipped for project-ing Italianate electricity—right

up to his hrave D-flat -- with minimum recourse to added sobs, and in scrupulously etched phrasing; he would be a godsend to any British company. No less satisfying is Henry Newman's Riccardo, addressing

holds the ettention, and Bellini's music would do that Apart from her energetic anybow; if his notion of opera lunacy, Miss Murphy is vocally is dimmer than Verdi's, let admirable - forceful, clean- alone Wagner's, there's no misedged, often exciting, sometimes taking that I Puritani is a most

Wigmore Hall

Graziella Sciutti

by MAX LOPPERT

Friday's triumphant song hardship that she did not plan recitial was, I believe, this a whole programme in her exquisitely cultivated and sympathetic soprain's first in concert revealed was not just the spark of eloquence in the spark of eloquence in the many more. In thi scountry at voice, but the soprano's unleast, Mis Sciumi's career has quenchable appetite for words, recently been taken up more Every one of them, all evenbefore the concert began, there sense, and the whole promay have been fears on the gramme lived. Mozart songs, question of her ability to sus-Schumann's normally hangire tain a whole programme, even if Mary Stuart songs, Poulenc's the powers of communication Courte Paille (after the inter-

abiding delight-warm, wellcoo trolled of line suffused Geoffrey Parsons' pianistic with colour and sentiont sympathies were as wide as they musicianship, and surprisingly were unobtrusively placed. able (for so famous an exponent of soubrette roles) to command

the darker vocal shades. Miss Sciutti opened with Monteverdi, La Musica's monologue (from Orfeo and then Arianna's Lament: if sub-acquently she had not displayed such supreme polish in singing German and Freoch (and briefly, in the second of Ravel's Mey 14, which will be a charity should be a charity sh two Jewish Songs, in Yiddish, show in ald of the Prince's we might bave deemed it a Trust.

Every one of them, all even-ing, gave both pleasure and

(for any who saw her on the val, when the tone was flowing Glyndebourne or Covent Gerden even more fully, and finally a stage) could never be in doubt. Rossini Regata veneziana that They were set entirely at was a miracle of high-spirited rest. The voice, always made but disciplined communication of frail substance, can com- -I can hardly remember a mand now little sheer lung-more rewarding encounter with power, and high notes bave to a singer (and Miss Sciutti's be carefully taken; but within a succinct introductors in raoge, vocal and dynamic, excellent English to her songs precisely prescribed and completed rather than dulled, adhered to, the singing was an those rewards. As always in those rewards. As always in the company of e major artist,

Prince Charles and Status Quo

The Prince of Wales is to

Palace, Manchester

Manon Lescaut, Dream-by-MAX LOPPERT

the Opera North choice of Puccini's Manon Lescaut as its latest new production loomed ever more implacably during Thursday's performance: why do the opera at all, if its leading soprano and tenor roles have to be assigned, and then far from suitably assigned, to

The opera, a flood of

guests?

gloriously untrammelled lyrical outpouring captured in an imperfectly shaped theatrical vessel, depends above all on the capabilities of its lovers, and here they were an unlikely couple. Ariene Saunders is a performer of attractively frack, outgoing personality, of a kind that sat uncomfortably on the first two acts of the title role; her voice lacked colour and ailure. Benito Maresca, a decent but hardly stylish Brazilian tenor, tightened, so that hy the end of the Le Havre waterfront pleadings the re-quired impassioned climaxes were unavailable. Neither looked the part — undergoing the ministrations of the ward-robe before her mirror, Miss Saunders was e Marschallin to

teenager. The evening was not without its positive features—Christian du Plessis elegantly cynical Lescaut (Puccini and the Italian language always bring out the best in this player), Thomas Lawlor's unexaggerated Geroote, the youthful, high-spirited involvement of tha

the eye, not remotely Puccini's

Opera North chorus in the irritstingly facetious routines con-trived for their first act hy producer Christopher Renshaw. (Do people ever leap up on chairs and tables, in reat life? Do they ever not do so, io productions of this Ilk?) David Lloyd-Jones's conducting had vigour, if not much long-lined lyricism. But the total effect of the performance, sung

of the performance, sung (except by the teoor) io unpersuasive Italian and given in Bruno Santini's dull sets, was provincial in a way one imagined this company was incapable of being.

Happily, Britten's Midsummer Night's Dream had the previous evening supplied the opposite impression. Ian Watt-Smith's Renaissance fisvoured production, borrowed from the Welsh National, I admired when new, in January 1978; at the Palace, even if its elaborate lighting schemes, which originally sent a shiver of magic across the stage, seemed to bave been diloted, its peculiar charm and individuality were securely con-

theatre, that of the three operas in the Opera North season - Nabucco and Monon Lescaut the other two—it was the one with the "smallest" orchestration that carried the most potent charge. Elgar Howarth's expertly judged conducting had obviously much to do with this; and though in the beginning the words of boys, (Kevin Smith) and Oberon



Stream

This provincial tragedy of

a stranger, Boris, during her husband's absence and finally commits suicide, is told in a

direct, almost simplistic choreo-

what its title suggests: a plot-

evening as a whole manifested Kimm's Hermia and a delightfully intimate atmosphere, a company stamp. No serious weaknesses in the cast; Tytania (Nan Christie) were serious weaknesses in the cast; lost for a longish stretch, the and, in the case of Fiona

Wade's Flute, an admirably fresh and original account of their roles that demands

Covent Garden

The Sleeping Beauty by CLEMENT CRISP

Royal Ballet artists are was touching in its portrayal of ance, and experience will help well-halanced programme of "musical" — sensitive and Duncan's physical impetuosity; her to comprehend the classic Les Sylphides and two receot audience would not seem to be an attractive lightness as well similarly discriminating, other as bravura. Like Nadia Nerina, wise the public at the Opera she reminds us that Aurora's House on Saturday afternoon should have been less tolerant brilliant sunrise, and there was of the mean account of The Sleeping Beauty by the orchestra under Emmannel

That Beauty in this present version declines after Act 1 into a spatch-cocked muddle, where-in the score and the dances are crammed together as if to keep out the intrusive genius of Petipa end Chaikovsky, is a matter I have previously mentioned et what may seem excessive length. There is no cause to rehearse yet again the fact thet respect for formal structure, a space in which to flower, are needed for both music and choreography. But it is inadmissible that, at Saturday's matinée, the music should be hustled along-especially in the prologue and first act—as if loitering with intent to commit an act of artistry could be prevented by unseemly speed, coarse intonation, weedy tone. All the more lameotable was

the fact that this was Fiona Chadwick's début as Aurora. So young an artist at least needs is ideal post-prandial entertain-Chaikovsky's support—unwise ment. For the first half The ing her range, with death and Chaikovsky's support—unwise to hope for "inspirations " from the musical standards obtaining at classic ballet performances at Covent Garden-when embark-ing on this most taxing and exposed role. In the event it seemed as if she were faced with an additional burdle to overcome, and her interpreta-tion is best considered a dress rehearsal for the first performance which I hope she will soon

receive. Miss Chadwick's dance style is one of exultant youth and

It is a received idea that of tireless energy; her Isadora Saturday's musical perform- Appollo Theetre presenting a obedient to the tempi and her recent Shade in La manner of the scores to which Bayadère, her School perform-they dance. The Royal Ballet's ance in Les Sylphides, revealed a warm radiance to her account of the first act dances, with no technical uncertainties other than those due to nervousness

at a début. As the vision, as the bride, her dancing was assured, that her generosity of manner is not hlighted, as it seemed to

integrity of Petipa's ioventions: it is an appreciation of Storm is a version of academic rectitude, rather than Ostrovsky's play, to an arrange-extravagance of line and a meet of varied Shostakovich certain brusqueness in phrasing, best illuminates the essential harmony of the role. Bot there is potential here for a lustrous, grand-scale interpretation. Miss Chadwick's cavalier was

the elegant, attentive Derek Kataya, who falls in love with Deane; among the fairies, Nicola Roberts brought the right attack to the "finger" though inevitably she has yet variation, and as Red Riding to discover Aurora's identity Hood's wolf, Simon Horrill through the choreography. She mede a lot of merry sense of requires expansive tempi so both character and dance. both character and dance.

On Friday night in Oxford, be by the Carabosse-curse of I saw Festival Ballet at the

King's Head

Funny Turns

by ANTONY THORNCROFT

dining theatre in Islington. It is no comfort for feminists.
is ideal post-prandial entertainVictoria Wood is now broedeo-

and dispassionate view of the dynamic power. Her baptism as world, and especially the foibles "You now know why bent-the Firebird last season pro-of women, make them well backed chairs went out of duced an indelible impression worth re-hearing. She evens fashlon." world, and especially the foibles

For four weeks Victoria Wood the score with one of her best and her husband The Great songs, "I've had it up to here Soprendo are entertaining at this with men," but in the main there

Great Soprendo, the ebuilient childhood among her subjects. Spanish illusionist who, with a She remains, however, the mutter of the magic words "Olé, queen of the one-liners, dousing Placido Domingo," can do London with a stream of miraculous things with eggs, northern common sense and rings and newspapers, concentraces on humour and consistent servative angle. Lines like character acting as much as "Don't worry about being sleight of hand. After the mugged when leaving the interval we have Miss Wood and her plano.

Likely to be subsidised," are .The songs may be familiar fighting talk in Islington. All now that she waxes as a tele-tremendous fun and just one vision star but her perceptive drawback—the seating arrangements. As Victoria Wood says

Adelaide Festival—3

and the second of the second o

Australian heroes

by MICHAEL COVENEY

chaired a series of forums in but he previewed the event with Elder Park with artists discussing their work and Adelaide account of the garden scene between Laura and Voss. A experience. George Melly, who between Laura and Voss. A breezed into town for a ooenight stand in the old town hall, spoke brilliantly about the Edward Hopper exhibition; and Riverrun, an exotic jeu. Ekkehard Schall talked about romantic mood in Australian Brechtian and hyper demonstrated pieces, Rain Forest and Riverrun, an exotic jeu. Brechtian acting, having demonstrated bis own demonic skill, like that of a demented puppet, in two late-night shows; Elisabeth Söderström said that on first seeing Brian Thomson's monolithically-scaled, high-tech Adelaide Festival under the design for The Mokropulos artistic directorship of Elijah Affoir she felt she should come Moshinsky). out and give a rousing chorus of "Don't Cry for Me, Austof "Don't Cry for Me, Aust-ralasia": aod Jim Sharman, the Taylor, in 1976, hut their new man responsible for the festi-work, It hill We Wotched. val, illuminated his decision to although performed by a young return to his home country by and attractive company, was discussing the chellenge to all abstract modern ballet at its Australians in the arts of a comparatively new civilisation deposited in pockets around an age-old cantinent.
Sharman does not flee

house. As a director, he has of cards or a set of dominoes, done much in recent years to save Patrick White's reputation in shifting spotlights was save Patrick White's reputation as a dramatist and the opening Lighthouse production, seen during the Festival, was of White's new play, Signol Driver. Over the past three decades. White in his novels has single-handedly tackled the Australian experience that is of improving experience that is of increasing importance to Sharman and many young playwrights. This in 1961, was celebrated in Rob has nothing to do with George's Percy oud Rose, a trite nationalism; rather an aware-biographical affair not without ness of every-day life in the a curious charm—rather like an context of a vast and intract-

field and heautifully acted and designed. A married couple, lvy and Theo Vokes, relive their life together in an old bus works by Aodré Prokovsky. The shelter on a main road leading into Sydney. Their roles are complemented and commented upon hy a couple of Beckettian scores, including the incidental music for the 1964 film of tramps who rise from the rubble to interrupt the action Hamlet, the incidental music to The Gadfly, and extracts from the early ballet, The Bright with vaudeville songs and disparaging remarks.

As a device, this seemed to me to he slightly underenergised, but the production compensates, rescuing the style from total absurdity. Children, edultery (Ivy, says Theo, hed 'em ell, "the Yanks and the Poms, the Poms and the Yanks, and the hig Fijian"), the loss of Faith, the inexorability of graphic manner; it is notable for Patricia Ruanne's intense emotionalism as the tragic heroine. Verdi Variations is Time are themes discussed in a manner cleverly mixing domestic strife and large-scale those "chandelier ballets" involving swags of drapery, tutus, hright technique end hrighter smiles—set to music from three Verdi operas.

Concern. Ivy, at the end, wants to rub her fece in the dust, "find out what I've been living both introduced a truly great play to the Festival and, in its waiting for the last bus to nowhere, the Bourke content. less divertissement — one of those "chandelier ballets" inconcern. Ivy, at the end, wants Verdi operas.

It calls for, but did not always receive, dancing of extreme gloss. I admired Andria Hall in it; she dances with clarity and an absence of fuss which is very attractive.

Waiting for the last bus to nowhere, the Bourke connection. The tram lines over the against e ground, rein set and auditorium buzz with flan theme with a crubial state, the huses zoom by, the figures stay locked in their landscape.

Waiting for the last bus to against e ground, rein flan theme with a crubial state, the last bus to against e ground, rein flan theme.

It calls for, but did not set and auditorium buzz with flan theme with a crubial state, the last bus to against e ground, rein flan theme.

Set and auditorium buzz with flan theme with a crubial state, the last bus to against e ground, rein flan theme.

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Set and auditorium buzz with flan theme with a crubial state, the last busz to against e ground, rein flan theme.

Set and auditorium buzz with flan theme with a crubial state, the last buzz with flan theme.

Set and auditorium buzz with flan theme with a crubial state, the last buzz with flan theme.

Set and auditorium buzz with flan theme.

Set and auditorium buzz with flan theme. fuss which is very attractive, and she also shone as the second female lead in The White's Voss (1957) remains

Storm, and in Les Sylphides. In for many Australians the this the Festivel Ballet artists crucial book of the century, and looked fine, respecting those qualities that Alicia Markova has instilled into the production was launched in one of the sensitivity to atmosphere, opening concerts by the Sydney style and music. Rare virtues Symphony Orchestra. Richard s Symphony Orchestra. Richard Meale's (6.1952) full-scale opera

Arts Council support for ABSA

welcomed the Association of Business Sponsorship of the Arts' (ABSA) recent appointment of a deputy director whose ment of a deputy director whose sponsorship. In the light of this grant-in-aid.

in ballet today.

sole responsibility will be to grant to ABSA, but it has not credit to all involved. Abore provide an advisory service for hitherto contributed to the all, you could see they were arts organisations seeking Association out of its own having a ball. And so, it

Throughout the festival I is due for production next year, music with sustained quotations from Ravel's Daphnis and Chloc and Wagner's Tristan (which opera, iocidentally, is widely thought to be the plaoned centropiece of the 1984

The Australian Dance Theatre most infuriating. The score was a bing-boing, plink-plonk collage by, Ray Cosk (an Adelaide boy well known in London as our sge-old conlinent.

Sharman does not flee
Adelaide after the festival. He
now takes up a three-year contract as artistic director of the
State Theatre Company of
South Australia, recoamed Lightadmirably executed with grace

and precision. But the show

was about nothing at all,

I met Patrick White on my

absolutely nothing.

first day in 10wn, an awkward, stratering episode that neither side enjoyed. Another national hero, Percy Grainger, who died off-colour seaside rep producable landscape.

This is the theme of Signal mother and his whips went down Driver, directed by Neil Arm-well with the local audience, and there was an old-fashioned but interesting performance by eccentric. Only one thing worse than a play about Percy Grainthat, although reports of Grain-

Denois Olsen as the blond sexuel ger: a concert of music by Percy Grainger, so I spared myself ger's piano roll of the Greig coocerto played against a live symphony orchestra suggested I amusing necrophiliac exercises on the programme. Elsewhere, the Comic Strip

led by Alexei Sayle had e mixed reception in an unsuitable venue; Circus Oz was the most unanimously received show all fortnight; feminist theatre kicked in Desert Flambe, a somewhat meandering camp caharet from the Nimrod in Sydney; and a competent production of Sam Shepard's Buried Child from the ground, reinforced the Austrafian theme of coming to terms with a cruel and unchanging

Finally, the closing concert in the Festival Theatre was a tingling, irresistible performance of Berlioz's The Danmation of Foust with the ENO's principal tenor, John Treleaven, singing Faust for the first time in French. This was a mellifluous, beart-stopping interpretation, with top class support from Sarah Walker as Marguérite and Bruce Martin as Mephis-topheles But the sustained, infectious excitement of the evening was really geograted The Arts Council bas warmly new appointment, the Council by the Australian Youth Orchwelcomed the Association of has decided to become a sub-

followed, did we.

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9 Conscious sound (8) 10 It is inactive—drop it, maybe (6) 11 Clothes conflict with doctor

getting honour (S) -12 Barely rush about with coloured band (6)

14 Sounds that need stopping (5, 5) 18 Standard Shakespearean fool (10)

22 Captured a race in distress (6) 23 Way to have egg on fish (8)

24 Split a fresh hair style (6)

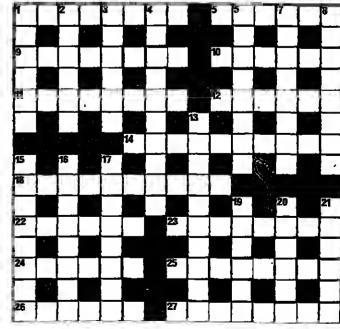
25 For poetry that is unreasonahle (8) 26 One whose interest it granted by letter (6) 27 Mere eccentric chap coming

out (8)

1 Dunderhead has one broadcast to repudiate (6). 2 Classes given information

on historic period (6) 3 Letter machine ought to produce coffee | (6)

4 Consult - without hurrying



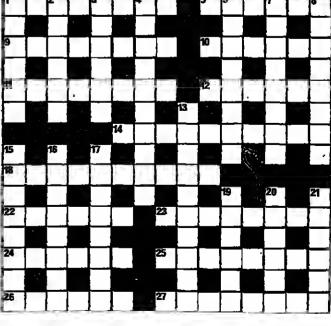
one is early (4, 4) 7 Two points papers ought to 21 Set on camping (6) give coffee (8)

8 Team to thrill associate (8) 13 Leading master to disrupt prevailing trend (4, 6)

15 Refuse to change attitude to Irishman (5, 3)

16 Quaint RA to produce poetry

warning? (8) 19 Club motorist (6)



6 Pleasant diversion in which 20 German description of England (6)

The solution to last Saturday's 17 Aren't the switches to give prize puzzle will be published with names of winners next Saturday.

Telephone: 01-248 8000

Monday March 29 1982

Central banks as investors

change rates that are not acceptable - that are plainly years.

disruptive of mutal objectives." The words of Mr Paul Voicker, Portfolios now chairman of the U.S. Federal Reserve Board—uttered in 1978 during a lecture in which he called for "quiet mutual contingency planning" by lead-ing central banks in order to resist currency instability-bave since acquired a somewhat pendent on the dollar.

Intervened -

During the past two years of extreme currency fluctuations most central banks have more or less given up the effort of trying to quell foreign exchange unrest through intervention operations.

The cue has come from the .U.S. itself-which last intervened on the currency markets a year ago, in the aftermath of the assination attempt on Presi-

. That is not to say that ceotral banks have closed down their foreign exchange dealing rooms. Moving away from the battle to control currency markets

that bave become, in many cases, too big and powerful for them to handle, some central banks from the industrial nations have started to imitate private sector operators by spreading their currency reserves around in the most profitable assets. Others use the exchange markets to operate monetary policy at bome—a different kind of stabilisation.

It is well known that many developing nations, both within and outside the Organisation of Petroleum Exporting Countries, bave become active, profit-oriented investors on world money markets. The trend towards diversification of currency boldings away from the dollar started after the first oil shock of 1973. It has continued even during the U.S. currency's

What is less widely realised

"IT SHOULD be possible over several leading Western coun time to reach a broad consensus tries have been diversifying about levels of a few key ex- their reserves into non-dollar currencies during the past five

In general, the changing nature of central bank currency management is to be welcomed.
The increased reserve roles of the D-mark and yeu are in line with the reality of a world which is no longer entirely de-

In many instances, move-ments of reserves into nondollar currencies can be for entirely valid reasons. Central hanks may need to acquire mixed portfolios of currencies to match their governments' non-dollar borrowings on foreign capital markets, or to take account of the diversified pattern of international trade. If their investment policies reflect real trends, they are likely to belp long-term stability.

A note of caution however needs to be sounded in the cases where central banks and government agencies—mostly in the Third World—clearly give priority to aggressive pursuit of short term profits in the deployment of reserves. As the Group of Thirty study noted, that can belp to exacerbate exchange market unrest. But the most potent currency speculators these days are probably the big international corporations, not official holders especially now that Opec reserves are on the

Revealing

With widespread currency diversification now established a more open approach to the subject by leading central banks would be belpful. Central banks from the industrial countries should take steps to show that prudence and the profit motive in the management of reserves are by no means mutually exclusive.

The Bank of England-which remarkable strength during the appears to have been a trendsetter in diversification among Western central banks during is the extent to which industrial the past few years—might care countries have joined the trend. to take a new lead by revealing. A study published last week by with the Treasury's consent, the the New York-based Group of no doubt thoroughly sensible Thirty research panel—which criteria according to which it includes a number of senior invests Britain's reserves central bankers—showed that around the world.

Threat of a new arms race

THE LATEST U.S. allegations Britain shy away from the of Soviet-inspired use of suggestion that they might chemical weapons in Afghanistan and South East Asia are deeply disturbing. The report presented to Congress by Mr Alexander Haig, the Secretary of State, leaves little doubt that Moscow bas a serious case to answer. It serves to underline the horrors of chemical warfare — dubbed by one of its originators as a "higher form of killing." More important, it highlights the danger that East and West could make the same mistakes as they bave in the nuclear field.

For the United States is now about to start manufacture of chemical weapons after-a lapse of 13 years. Its argument is that it wishes to negotiate a ban on such weapons from a position of strength, but it is now, before western manufacture has started and a new arms race begun, that the emphasis needs to be put on breathing life into the stalled Geneva talks on a chemical weapons ban.

First use

The West's arguments in this field are strong. First, its stocks are far less than those of the Soviet Union. Western. estimates of Russian stocks of nerve gases and such weapons total up to 350,000 tons, whereas the West's holdings are approximately 60,000 tons. Some countries such as Britain have made a point of destroying their stocks.

up to 100,000 troops trained and equipped for chemical warfare, a far greater number than Nato has ready to reply to any first use of chemical weapons. Finally, the Soviet Union now bas 14 factories making chemical weapons whereas the West though it has the expertise, bas none; the new U.S. unit, at its old chemical

Second, the Soviet Union bas

germ warfare centre at Pine Bluff, Arkansas, wili only come on stream in 1984. The peculiarly unpleasant nature of chemical weapons

means that Nato military advisers had to press their governments hard to agree that the West's apparent inferiority in this field required a military response. For long the emphasis was on protective measures rather than matching presumed Soviet capabilities. Now the U.S. has decided to go ahead with manufacture, but has to accept that sensitivity over the issue remains. Countries like rather than another arms race.

est Cn

become a storage point for the weapon to be pro-" binary duced at Pine Bluff—a weapon using two gases which are relatively safe until mixed.

And West Germany, on whose territory the weapons are most likely to be used, has not tested public response to the points it makes in private—that binary gases are safer to store than the up to 10,000 tons of ageing nerve gas now kept on its soil, and that public concern is small compared with the fuss over the planned deployment of Cruise and Pershing missiles.

Deadlock

However, there is the second "track" of U.S. policy which is to emphasise support for a treaty banning the production, stockpiling and use of chemical weapons. The background for this is that at present the major countries accept the 1925 Geneva protocol on such weapons, but usually interpret it only to forhid first use of them. In 1972 a decade of effort tion banning all biological warfare. Attempts to reach a parallel treaty in the chemical field have so far failed.

The present sticking point is the West's insistence that any treaty should include the mechanisms necessary to make sure it is observed. The biological warfare convention lacks such provisions, an omis-sion underlined when the Soviet Union refused to allow investigation of claims that np to 1,000 people died from pulmonary anthrax after an explosion at a military research centre in Sverdlovsk in April 1979. Britain bas recently presented proposals designed to break the deadlock over this need for veri-

working on the issue. There bave recently been some first hints that the Soviet Union might be prepared to budge on its refusal to allow inspection of its facilities, but Moscow remains sceptical over the motives behind the latest U.S. allegations. It claims these represent a pretext for chemical

re-armanent. The deadlock is depressingly reminiscent of the argument about nuclear weapons. Tha U.S. is right to have drawn attention to Soviet use of chemical weapons. But its allies will be anxious that these revela-tions boost the cause of an effective chemical weapons ban **NIGERIA'S ECONOMY**

The oil glut takes its toll

By Quentin Peel, Africa Editor

THE HARSH ECONOMIC REALITY

TIGERIA, Africa's oil giant, found itself at the beart of a battle this weekend which it is decidedly ill-equipped to fight.
The battle is for control of the international oil market. It will determine the immediate

and medium-term level of oil prices, and the relative strength of the producers of the Organisation of Petroleum Exporting Countries (Opec) on the one band, and the international oil companies on tha

When Saudi Arabia decided late last week to challenge the international oil companies for cutting back their purchases from Nigeria, the battle lines were drawn. The question is now whether the Saudis, backed with varying capabilities by the rest of Opec, have sufficient muscle to force the oil companies to buy Nigerian crude at the Opec price—\$4.50 a barrel above the price of comparable North Sea oil.

The struggle in the oil market, and the economic crisis it has precipitated in Nigeria, have been a long time coming. In the end, they both came to a head with remarkable speed and violence.

On Monday, one week ago, all was still deceptively calm. Nigeria's top oil officials, led by Mallam Yahaya Dikko, oil adviser to the President, were on their way home from the Opec meeting in Vienna, bearing a message of encourage-

Saudi Arabia was prepared to full force of the international take the brunt of any further oil glut, as it has sought to assault on the oil market, they maintain its commitment to the said, by cutting its production to preserve the agreed price oil price. structure. In addition, the That N Saudis bad agreed, along with Kuwait and Abn Dhabi, to raise a substantial loan-said to be \$1bn—to support Nigeria's foreign reserves if they still came under pressure.

Then on Tuesday, came the Bank sent out a remarkable first bocmbsbell: the Central series of instructions to all the commercial banks in Lagos, telling them not to issue any more letters of credit for imports, or process any more foreign exchange applications, until further notice. The ostensible reason was for the Central Bank to assess its outstanding foreign commitments: clearly, some tough import controls were in the offing. ..

On Wednesday, oil company officials disclosed that Nigeria's crude oil production had meeting: down by almost balf, from 1.2m barrels a day to only 630,000, in five days. That meant get worse-barring a dramatic turnround in the oil market.

On Thursday, a senior director of the Central Bank confirmed that the country's doction.
foreign exchange reserves, For N which stood at more than \$90n the exporters from Britain, about 30 per cent of total im-

year ago, had dropped to just Europe and the rest of the Org-\$2.8bn at the end of February—considerably less than enough to pay for two months' imports. On Friday, sources close to the Saudi Government revealed that the oil companies were being given an ultimatum to revive Nigerian production, or

Oil Exports

N13-5bn

EST WAR

The story behind last week's events is that, for the second time in less than a year, Nigeria has had to absorb the and investment? Opec cartel, and an unrealistic That Nigeria is in the front

line is scarcely a matter of chance. Everyone in the oll industry knows that Africa's oil giant is the weakest link in the Opec chain. The need for the Nigerian Government to provide for a population estimated at 80m - almost as much as the rest of Opec combined, except for Indonesia - and to finance a bugely ambitious development plan, costing some \$125bn over five years, gives it an absolute Imperative to maintain a high level of oil production. As in most of Opec, oil accounts for more than 90 per cent of export earnings, and 80 per cent of government revenues.

Non-Oil Imports

N9-4bn

face retaliatory action in Saudi

The oil buyers hardly need to consult each other to know that by staying away from Nigerian crude, they will put well-nigh irresistable pressures on Lagos

too.
The battle for the oil market bas only just begun, and that whatever fears the Central its outcome is by no means cer-Bank had entertained about the tain. Prices could fall to the balance of payments could only level of \$28 to \$31 a barrel assumed by the present price of North-Sea oil; or Saudi Arabia could end the oil glut by ruthlessly cutting back its own pro-

For Nigeria, bowever, and for

anisation for Economic Cooperation and Development (OECD) who provide more than 75 per cent of its highly incrative \$22bn annual import market, several questions remain: how serious is the latest crisis for the country's long-term economic development? How well can the Nigerian Government cope with it? What are the prospects

The difference between this crisis and previous ones," according to one close observer in Lagos. "is that Nigeria is now at the centre of the storm. It means that the Nigerian Government is being presented with information it simply does not want to know and is quite unprepared to deal with. They are bemused."

That unpalatable information inclodes the slump in oil production, while imports have continued to roar ahead, and the steady drop in foreign reserves, while foreign borrowiog bas equally inexorably increased. What are most difficult to

stomach are the implications for the development plan, for Nigeria's new federal capital being built at Abuja, for the development of its steel industry, and for the constructioo of a standard gauge railway, All these problems have been clearly visible for the past year.

for those who cared to see them. According ... to government officials, imports have been runbring the rest of Opec tumbling ning at an average of \$1.85bn a month for more than a year, while oil revenues bave fluctuated wildly between more than \$2.2bn in January last year and no more than \$550m in August.

> The budget was intended to curb the rate of imports: among other measures, it proposed to extend the system of pre-shipment inspection of imports to spare parts and raw materials...

tended both to slow down imports, and to cut out rampant smuggling. However, the budget has not

Oil Production

Foreign Exchange

Reserves.

yet been approved by the National Assembly, and its measures bave therefore not been implemented. Hence the need for the drastic administrafor cootinued profitable trade Central Bank, effectively putting a blanket ban on new import orders (there are at least two months of imports in the pipeline which can still come in) until more specific restrictions are drawn up. Even if oil production re-

covers from last week's level of under 700,000 b/d to the 1.3m b/d production quota Nigeria is allowed under the Opec agreement, imports wil have to be cut back sbarply to stem the ontflow of reserces. At 1.3m b/d, Nigeria would be earning \$1,17bn a month, or almost \$700m less than current imports (at 700,000 b/d the monthly trade deficit is more than \$1.3bn).

The high level of imports has been aggravated by two factors: the granting of import licences as a form of political patronage (especially for such key commodities as rice) in complete contravention of the official policy of restraint; and the overvalued exchange rate of the naira (it trades on the black market at barely half ins official value), which makes imports unnaturally competitive with all forms of domestic production, whether agricul-tural or manufactured. To tackie either of those

problems requires political courage, which is likely to be in short supply in pre-election year. Devaluation in particu-lar, although urged by such organisations as the World Bank in order to revitalise Nigerian agriculture, would hit the consuming urban elite who dominate the political scene

ports—in addition to manufac-tured goods. The move was infurther physical restrictions on imports, whose effectiveness is immediately open to doubt

Projected Public

Debt Service

because of the pervasive cor-ruption in the system: "the system leaks like a sieve," as one trader put lt. The one ray of light on the economic front is Nigeria's relatively modest level of foreign borrowing its current debt-service ratio is around six

per cent of export earnings, However, even borrowing bas been accelerating in the past year. Syndicated loans totalling some \$3bu were incurred by the public sector in 1981, on top of the \$5bn of debt outstanding at the end of 1980.

According to one estimate. Nigeria's foreign dcbt will reach some \$15bn by 1985, with an annual dcbt service cost of \$3bn, compared with the forecast debt service for that year of \$1.6bn made by the World Bank of the basis of borrowing up to 1980. There is growing concern

among top government officials at the level of foreign borrowing by the 19 state governments—albeit with federal government guarantees. Professor Emmanuel Edozien, the economic adviser to the President, admits that there is a lack of co-ordination over the maturity of state borrowing, which could lead to excessive bunching in repayments. ... The situation where you have virtually 20 governments going about in the said before the latest crisis. "It international markets borrow. enabled us to cut off a lot of ing is not calculated to give us the best available terms," he said recently. "We are trying to introduce a proper stream-

The individual state governments, who provide a significant source of new business for British and other exporters, are almost without exception in dire financial straits. Their federal government grants are almost entirely absorbed in current more acute.

expenditure, paying the wage bills of school teachers and civil servants, and they depend totally un foreign borrowing for capital projects. But they all face the same need to seek reelection in 1983 as the federal government, and therefore the same incentive tu keep up their

spending. Cutting back public spending whether by federal or slate governments, would have a swift effect on overall economic activity, and the level of imports. because it is by far the largest source of direct investment. But so far the Government has refused to specify particular cuts or delays in its capital pro-

Although President Shagari is widely considered the favourite to be re-elected next year, he now faces a concerted challenge from the opposition parties, which have formed the so-called Progressive Alliance. Between them, the four parties in the alliance control 12 states, against the seven held by the ruling National Party of Nigeria

In order to retain power. President Shagari must win most, if not all, of the marginal states, such as Bendel, Rivers State and Plateau: in terms of Nigerian politics that will require continued heavy federal spending in those areas.

The other factor which com-pounds the problem of taking corrective action to slow down the economy is sheer administrative incfficiency, compounded by petty corruption at many levels of the bureaucracy. Exporters to Nigeria face a

time of considerable uncertainty, with the likelihood of fairly drastic import restrictions being introduced by the end of April, but no certainty that they will then be effectively policed. Although on balance President Shagari must still be

favourine to win next year's election, there is the prospect of political changes in a number of state governments and therefore changing the priority of projects in the pipeline. Even if the government does

not spell it out, a drustle squeeze on oil revenues must mean delays in major capital projects in the development plan, or downgrading of projects to a more modest size. Senior officials admit that a period of relative austerity would be beneficial for the economy, which has expanded too rapidly, for too long, "Last year's oil glut was a salutary experience." Professor Edozien

Companies which operated in Nigeria for years tend to believe they have seen it all before: as the bankers say, it is an immediate cash flow problem, rather than a fundamental debt problem, that faces the country. But without corrective action, there is a danger that each cash flow crisis will before progressively

fat in government."

Men & Matters

Postmen knocked Those awfully nice people at the Confederation of British

Industry occasionally get cross. They have been known to be rude to the trade unions. Was it not Sir Terence Beckett himself, the director general, who once squared up to Mrs Thatcher's government threaten-ing a bare-knuckle fight?

Such lapses from good de-portment are mercifully rare. Now the CBI is in battle once again, fists flailing. Its unlikely opponent is the West German post office—the Deutche Bundespost—and the aggro is over parcel rates.

The Bundespost will send a 10 kilo parcel from West Germany to, say, South Africa at surface rates for just £4.25. A similar parcel, sent from England by the Post Office will cost you a swingeing £17.25.
"Yet its true" says a Post Office
official without a hint of shame. We made nearly £30m profit last year while Bundespost lost £523m which had to be made up by the West German The CBI sees the wide gap in parcel rates as a threat to

fication; West Germany is also

its members to support action to redress the balance. The CBI can hardly ask the British Government to subsidise the state-owned Post Office can it?... Avoiding that doctrinal banana skin the CBI is instead attacking the: Bundespost for being so highly subsidised.

At this point in the contest the CBI bas led with a left and a right. An interpretation of the rules of the Universal Postal Union (which is supposed to see fair play for international postal charges) has been followed by an attempted knock-out with Article 113 of the Treaty of Rome (which deals commercial policies in the EEC). West Germany is reported calm and World War Three is not thought imminent.

After eight The London-based Middle East

news magazine Eight Days closed at the weekend. A creditors' meeting has been set for April 20. Such closures are always sad

for those in publishing, a feeling this column can endorse because the opening of the magazine was chronicled here in June 1979. -At the time the venture looked exciting and likely to

achieve success—its publisher and source of backing was H. E. Mahdi Al Tajir, the ambassador of the United Arab Emirates in London, and reputed to be one of the richest men in the world. Since then his place has been

taken by Riyad Shuasbi, a

Jordanian who lives in Dubea. It was said that the change occurred because Tayir was

There proved to be an un-bridgeable gulf between the mittee (an unprecedented up-aspirations and style of a truly heaval in the bistory of the an Arab line on world affairs. Shuaibi bas not lost everystaff bave been running a grapple w football sweepstake. He won the problems.

British exports and has asked booby prize of £1 last week for its members to support action to the teams scoring the fewest journalists have sent him his winnings in the bope this act might belp future talks on redundancy pay.

Switched on

Peter Chamberlain at 39 years of age has a high reputation as a salesman of business electronics. He is considered rather a prize by bis new employers the fledgiog British Telecom.
Under the chairmanship of Sir George Jefferson, British Telecom has moved on from its old Post Office monopoly and is six months into its new adventure as a competitive Chamberlain has been hired

to push business products and systems. He says: "We are not just going to sell company switchboards and Telex. We will progressively expand our product range to include all office automation and systems." That suggests he intends British Telecom to compete head-on with his former company Rank Xerox where he worked for 12 years and which is now busy promoting itself as an international purveyor of the electronic office.

Men of metal

Traumatic times in the tin market in the past year have emphasised that while metals generally are depressed by the recession there is still plenty of action available for professional punters. That is reflected in the new elections for membership of the management committee that runs the day-to-day policy of the London embarrassed by some of the Metal Exchange.

international news magazine LME) there were 20 applicants and the conformity required by seeking election. The standing members have been re-elected but they have been joined by thing, however. The magazine's several young Turks eager to staff bave been running a grapple with the Exchange's

The tin crisis could flare np again at any time. Mysterious interests thought to be allied to the Eastern producers have aiready backed their hands to the tune of well over £100m. The exchange is also involved in helping to launch the new gold futures market on April 9. Michael Brown of Lonconex.

who experienced a baptism of fire during the tin battle as caretaker chairman, is virtually certain to be confirmed as new committee chairman having managed to cool down the tin market successfully, at least for the moment.
Among the new committee as

an independent member is John Wolff, son of Fred Wolff, a previous chairman of both the LME committee and Rudolf Wolff, a founding company of the exchange. In keeping with changing times Rudolf Wolff bas just become a wholly-owned subsidiary of Noranda Mines of Canada after 11 years of that group being in joint ownership with the six original Wolff partners including Fred

Tied up

Every time I inadvertently refer to Tube Investments by its City nickname of Tubes I am pursued by a posse of public relations men. Am I not aware that the group should be known as TI-and, what is more, has run expensive TV advertising campaigns featuring Ronnie Corbett to prove the point? So I expect the fur to fly with the opening of a brash new campaign to claim the TI label. This time it is Trade Indemnity. the credit insurance company which is adopting the slogan "Tie up with TI."

The first ad runs: "Tie up with TI and you can cover the most threatening of all business risks: credit failure."

I hope that TI (Trade Indemoity, that is) is well covered against another business risk being attacked by TI's (Tube Investments, that is) PR depart-

Observer

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FINANCIAL TIMES SURVEY

Monday March 29 1982

The country is growing steadily more prosperous though the gap between North and South shows little sign of narrowing. Industry is progressing in an enormously resilient economy that seems to defy recession.

Moving on to an even keel

By Rupert Cornwell, Rome Correspondent

A SLIM, arid document con-sified productive enterprises taining as many figures as employ an average of just words was published in Italy seven people each is proof of just three weeks ago. Yet its how the country's love affair few pages tell more about the real state of this aternally mys-tifying country than the unend-ing incrent of words unleashed by the newspapers as they fit a disaster one day and its oppo-site the next, into a consistent

And indeed, there have been of any help from central gov-am unusual number of positive erament. The growing pros-things to report about Italy in perity is apparent to any casual recent months: an economy seemingly in the process of shopping street, whether in stabilising; a prime minister Turin or Palermo. Yet the gap who, for all the daily hattles for between the advanced, West. his government's survival, conveys at least the impressim of getting to grips with some of the untackled problems which piled up in years of inertia flourishes without precedent in Most spectacular of all, beyond cities like Naples. doubt, was the release of Gen James Dozier from the clutches of the Red Brigades. Little of this however features

returns of the nationwide census carried out in October 1981. The Italy which emerges is one which, despite the daily hubbuh, is growing steadily richer, steadily more mature and more

The big cities in the last ten years have ceased to be magnets. Yet enormous resilience is he placed at October 14 1980 bas been a string of weak, for the rural poor. The fact huilt into the economy, Italy when the march of the 40,000 short-lived, though basically that the country's 950,000 classes went into the current recession initially managers and ordinary similar governments—that of

with the cottage industry is as deep as ever. That Italy is becoming steadily more pros-perous is confirmed by the fact that me Italian family in four now has a second bome.

These trends bave happened in spite of, rather than because visitor who wanders down a European north, and the backward. Levantine, South of the country, shows little sign of narrowing, and common crime

Indecision

of the Red Brigades.

Little of this however features in the document, the first huilt indecision and ineffectiveness into the workings of Italy's central authority. Now, as always, individual Italians are fending for themselves, as well they need to since the country is in the grip of a housing crisis which might have dangerous social consequences.

later than most industrialised countries and, if it is lucky, may he one of the first to get out. After two years of growth unmatched anywhere in the EEC, gross domestic product is reckened to have declared by workers demanding the right to work led to the collapse of the five-week strike at Fiat, in pro-

reckoned to have declined by 1 per cent in 1981, This year, on present guesses, the economy might expand by a slightly larger amount. True, the external trade deficit, though well down on the record levels reached in early 1981, remains substantial, and unemployment exceeds 2m. But the current account deficit, the most significant measure of Italy's external finances, shrunk to only \$800m in the last quarter of last year, from \$3.2hn in each of the first two quarters. With small help from the Gnvernment—still bogged down in tedious negotiations with the unions—infiation this year may fall to the target of 16 per cent, or even helow, compared with a recent peak of more than 21

per cent Best of all for industry, which though, managements have been their own. making their own adjustments as indeed they have had to if litaly is to retain its place in the first division of advanced indusplaced increasingly paralysed Italian politics since the last war. As trial nations.

The moment of its turning may he placed at October 14 1980 when the march of the 40,000

test at its plans tn lay off 23,000

workers.
The Government is trying to reviva the State sector, long a huge drain on the country's resources. Inevitably the process will be slower, but plans are afoot to at least rationalise such sectors as steel, chemicals and telecommunications, as well as reduce Italy's debilitating reliance nn imported oil for its energy needs.

Log-jam Enmeshed with private and public industry is an invisible one; the celebrated "submerged economy" which could add 10, 20, even 30 per cent in the intal of national wealth—no one really knows. Its size may be deduced only imperfectly from such things as census findings—for example, that hetween 1971 and 1981, some 2m unregistered (and mostly second) homes were has been beset by fierce compe-tition and heavy labour costs, is that the growth of the parallel huilt. What is clear thrugh is the recent slight decline in unofficial economy has been interest rates. Progress will be made inevitable by the log-jam hampered by the need to protect at the centre. If the anthorities a chronically weak currency, but could not provide e framework the trend, unmistakeably, is for growth, then a dynamic, downwards. In the meantime energetic people would provida

the mass party of the Left, the The hig private companies— Communists, with 30 per cent Pirelli, Olivetti, and most of the national vote, remain disrisibly Flat—have restored their qualified from power despite fortunes, as the tide has turned the near "hreak" with Mosagainst the uninns after a cow over the Polish crisis decade of unchecked advances. Genuine alternance has heen impossible; the consequence

Sig Giovanni Spadolini is the

41st since 1945.

And yet it has important differences, which suggest that the mould, in Italy too, may he starting to crack. Sig Spadolini, a member of the tiny, centrist Republican Party, is the first non-Christian Democrat premier since Ferruccio Parri, 37 years

ago. His success in forming a government, at a moment when general elections three years early were the stark alternative, was a measure of the stand-off between Christian Democrats and Socialists; the former demoralised and discredited, but not yet prepared to surrender the prime ministership to Socialist leader Sig Bettino Craxi. The only available com-promise was Sig Spadolini. Yet in some respects he has proved

a revelation.

That he has lasted nine months (against the sevenmenth average for this parliament's three previous governments) reflects the real popu-larity be has achieved—unlike the gloomy Christian Democrats who immediately preceded him, The socialists, sure that the mood in Italy—as in France and Greece last year—is running in their favour, would lone to bring him down and force the country to the polls this sum-mer. The problem is that they have yet to find a convincing

Tarnished

But Spadolini's arrival symholised something else: that the tarnished image of government itself needed sprucing up, after a series of scandals without precedent in recent history. Certainly, Italian political scan-dals are as much evidence of dals are as much evidence of apparatus (though not of public napped on December 17, almost must change, for everything bitter infighting as of malprac-sector industry). But the most 400 members of the Red remain the same," His word tice, but the inconclusive substantial gains have been in Brigades and their sister are as true today.

general election of 1979 bad left scope and motive for such in-fighting in abundance and the odour of scandal had become a stench.

Matters came to a head in May 1981, with the eruption of the P-2 freemasons lodge affair. In the best Italian fashinn, the revelations about the ultra-secret association run by the otherwise undistinguished Sig Licin Gelli teetered between the sinister and the ridiculous. At its darkest, the lodge was a sort of state within the state, at its most comic a cross between the Grand Orient and Gilbert and Sullivan. But its ramifications were so widespread that the previous government of Sig Arnoldo Forlani was swept from office, and Sig Spadolini took over at the latest and Sig Spadolini took over at the latest series of the same o the head of a five-party coali-

The change may be more of En style than of substance, but then visible change usually is in Italy, and no less valid for that. Nothing has done more in remind Italians that a state in fact existed, than the arrival as president of Sig Sandro Pertini, despite his 85 years and the scant power of the office. Many would say that the prime ministership, amid the squabbling and sniping most of its holders have to put up with, has little mure. Sig Spadolini himself has resilience, patience and a gift for compromise. Beyond that, however, his achievements must be acknow-

The economy's turn for the better has been to his advantage, as has the speed with which at the outset he removed P-2 members from the upper echelons of the state apparatus (though not of public



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10-year struggle against groups bave been rounded u Italy's Left-wing terrorists.
Only a rash person would state that extremist violence has ended in Italy-indeed the mysteries of the ultra-Right remain largely intact. But the conviction is strong that the Left-wing terrorism, which will the centrifugal forces a sprang in the late 1960s from work for so long simply counties untackled distortions and tinue? It is impossible to say imperfections of society, has In Italy, remarked shot its bolt.

Since Gen Dozier was kid-

Will there be elections th year? Does the decline of the two major parties mean that centrist "lay" third force national politics will emerge last? Can the state be mad mnre modern and efficient-In Italy, remarked Lampedusa's Prince in Sicily of 1860: "Everythic must change, for everything

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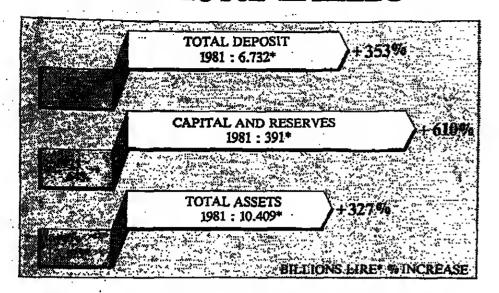
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Moderate gains on economic front

in the prime lending rate of riving commensurate compensional banks, tive benefit against its Enroannounced at the beginning of pean partners. By May the
March, was the first sign of a trade deficit had reached the innew course in the country's tolerable level of 12,872bn for monetary policy, and indeed of that single month, its overall economic manage-

Many-and above all industrialists staggering under the burden of borrowing costs in the 22 to 27 per cent range for almost a year-were pressing for the cut from the former 22.5 per cent rate to be of two points or more. But, numistakeably, the action of the banks is evidence that the old pre-occupation of economic policymakers with reducing inflation and putting Italy's external accounts to rights has been joined by an equal concern to protect employment and belp the country out of its 18-month-old recession.

That the reduction was no larger than 0.75 per cent is a measure of the extreme delicacy of the moment, as one economic cycle draws to its close and another seems to

begin.
The most recent slowdown brought to an end a period of strong expansion which in turn bad been founded upon the currency devaluations of 1976 and the subsequent credit squeeze. By 1978, although growth remained sluggish, Italy was able to report its largest-ever payments surplus. The following year was one of the best ever, as the country succeeded in combining a 5 per cent growth rate with another substantial payments surplus, the growth spilled over into 1980, when a 4 per cent advance in Gross Domestic Product enabled Italy to head the EEC expansion league for the second

year running.

By then, bowever, it had slipped wildly ont of phase with slipped wildly ont of phase with the rest of the industrial world. As other advanced economies stood still, markets for Italian exporters shrank. Importers on the other hand continued to help meet continuing strong domestic demand. Inflation rose to over 20 per cent by the end of the year, while the trade deficit soured to an unprecedented L18.845bn (\$14.6bn). Italy's overall balance of payments was in the red by L6.388bn.

By spring last year, matters had reached breaking point. At the end of March, the government devalued the lira by 6 per cent within the European Monetary System (EMS), bank rate rose three points to a

IN MANY WAYS it was an anti-record 19 per cent, and the climax after the speculation and prime rate to 22.5 per cent. But political agitation beforehand, the continuing buoyancy of the out the tiny cut of 0.75 per cent dollar prevented Italy from de-

> As they had done in 1974 and 1976, the authorities were forced to resort to the device (technically illegal within the Common Market) of a 30 per cent import desposit scheme do. cent import deposit scheme, de-signed to run until the end of September and subsequently extended. The effects were swift

deficit of L4,889bn in the first the world) exceeded L9,000bn but, according to Dr Carlo Ciampi, governor of the Bank of Italy, it was running at only L1,000bn in the final quarter, compared with L4,000bn in the

What Mr Denis Healey, Britain's former Chancellor, liked to refer to as the "real economy," also showed its grow more rapidly than imstocks to reduce financial charges, while manufacturers switched their attention from an increasingly depressed internal market to abroad-helped, of course, by a second lira devaluation of 3 per cent last autumn.

In recent months the trade

indication of the more active

foreign policy that it has been

pursuing ir the past two years, under Sig Emilio Colombo, a former Prime Minister and one

of the most experienced men in the Italian Government. Italy has accepted the installa-tion of Cruise and Pershing

missiles (in Sicily) under U.S. control, as part of the twintrack negotiation/modernisa-

tion formula with less fuss and

other country except Britain. In 1980 Italy guaranteed the neutrality of Malta when the

island quarrelled with its former protector, Libya, and is

taking a more active role in

Mediterranean defence. This is partly as a consequence of

the transfer of part of the U.S. Sixth Fleet to the Indian Ocean. It sees itself as a potential peacemaker in the Horn of

misunderstandings.

Ares: Population: Currency: Lira GDP 1980: Per capita: Trade 1980 Exports:

High interest rates, and a credit squeeze of real ferocity brought money back into the country. A balance of payments denizi of 14,385m in the first five months of 1981 was turned into a full-year surplus of L1,200bn. Admittedly, last year's current account deficit (arguably the most revealing indicator of Italy's overall financial relations with the rest of the world) exceeded 1,9000m.

Astonishing

astonishing ability to react to changed circumstances. From midsummer exports began to ports. Companies ran down

BASIC STATISTICS 301,217 sq km £=L2,330 L337,402bn

the price of imported oil (on which the country is 70 per cent dependent for its energy requirements) mean that fur-ther improvement is possible.

tion. Wholesale price rises have slowed, while the annual advance in consumer prices is now running at 17 per cent or less, compared with a midsummer peak of over 21 per cent. Nor bas that been the only piece of cheering news in the early months of 1982.

For the first time in two decades, the cost of petrol in Italy last month was actually cut, to L960 a litre from L995.
The improvement in the improvement in the external account meanwhile gave the authorities meanwhile gave the authorities leeway to end the import deposit scheme early in February, more than three weeks before its previously-scheduled date of demise.

The key question now is just how much additional help the

how much additional help the government should give to promote recovery, and brake the rise in unemployment which now exceeds 2m, or more than 9 per cent of the working population. But over this issue, and wbether enough economic swallows have arrived to proclaim summer's opinions are divided.

The reasons are mainly political. Few are the ministers who do not have the possibility of early general elections in the

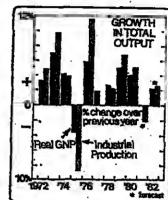
the government's intentions. Others, with Sig Beniamino Andreatta, the Treasury Minister, to the fore, argue that to act too rashly might desiroy the hardwon gains in the fight against inflation, and provoke a new run on the lira within the EMS. Sig Andreatta, indeed, has pointedy referred to the circumstances of 1976, when early general elections provided the setting for three successive lira crises, as the country

teetered on the brink of bank-

This time things have not been so bad. The latest forccasts, that 1981'a contraction of 1 per cent in GDP might be The infletion rate too is at followed by growth of up to 2 last moving in the right direcper cent this year, suggest that per cent this year, suggest that this recession will be rather less painful for Italy than its predecessor: in 1975 the economy shrank by 3.7 per cent. Why, it is argued, risk everything by premature reflation, especially when the outlook for other major economies (especially the U.S.) and currencies (i.e. the dollar) remains so

uncertain? However, the main arguments for caution amount to little more than a depressingly familiar litany of Italy's age-old economic ills, which successive shortlived govern-

ments have failed to tackle.
Only on the energy front can
the Government claim any real success, with the lannch of a plan to cut Italy's expensive reliance on oll by increasing



the number of nuclear and coalfired power stations.

Otherwise, however, Sig Gio-vanni Spadolini, the Prime Minister, has little to show for his efforts to control the runaway public spending deficit, end curb labour costs. International observers of the Italian scene have long identified a PSBR of comfortably more than IO per cent of GDP as a prime cause of Italy's inflation, and proof of how resources are squandered. The Prime Minister has committed himself to hold-ing down the deficit to "only" L50,000bn (or about 11 per cent of GDP) for 1982.

Insatiable

But by mid-March parliament still had not approved this year's Finance Bill, and some belleve that a more realistic deficit forecast for this year is nearer L60,000bn. Not only has a chronic state deficit (financed by short-term Government Bills) kept inflation high, but it has heavily penalised industry by "squeezing out" the corporate sector from credit markets, by its insatiable appetite for

Much the same goes for labour costs. For more than six months Sig Spadolini has been battling to persnade industry and unlone to come up with an agreed programme to bring inflation to less than 16 per cent this year and to reduce the impact of wage indexation. This price target may well be met, but with little thanks to the

Chances of a meaningful agreement look remote, and the prospects for the economy are less likely to be conditioned by policy moves of a squabbling government than by the outcome of this year's wage con-tract renewal talks between management and unions in several key sectors. Rarely have the employers, sensing that the tide is running their way, looked readier to take unl-lateral action to achieve their

Rupert Cornwell

Discreet foreign policy reflects restraints of coalition rule

wooden-hulled minesweeper of the Italian Navy, on its way to Egypt from the naval base at La Speizia, was ordered to put into port at Messina, in Sicily. The reason was that its mission -to join the multi-national observer force in Sinai after the Israeli withdrawal—had not been approved by Parliament. So the ship had to stay at Messina until the appropriate committee met and approved her sailing a few days ago. The incident is a good illustration of why Italy cannot have a forceful foreign policy. In this case, the Communist Party was determined to use the considerable powers of Parliament to challenge Italian participation in the Sinai force. More broadly, it reflects the basic tension in Italian politics between membership of Nato, on the one hand, and the existence of the largest Communist Party outside the Eastern bloc, on the other.

Italy's decision to participate in the Single force however. in the Sinai force, however, with the contribution of three minesweepers to patrol the Sharm el Sheikh area, is an

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formed as any other ministry on Italian internal politics. An example of this is the

Government's "pause for reflec-tion" on whether or not to take gas from the planned Siberian pipeline. The "pause" has been in force since Christmas, partly as a response to the clamp-down in Poland, and to U.S. requests not to go ahead, but mainly because two of the five coalition parties broadly oppose a deal, mainly in order to distance themselves from the Communists, who favour one.

The other reason is that Italy, despite its strategic position in the Mediterranean, is militarily weak. It spends almost as little on defence as a proportion of GNP as countries like Canada and Luxembourg, and its armed forces are, in general, meagrely equipped. This in itself reflects the same political constraints that bind foreign policy.

Contribution

Despite these weaknesses, Italy is anxious to secure recognition for what it does contribute to the Western alliance—notably the theatre nuclear force modernisation — and as the world's sixth largest industrial power. Apart from wanting a greater share of the central funds that Nato has available for development of defence infrastructure, Italy desires a guaranteed seat at the top table Normally it gets it, but when it does not, wounded Italian pride

is paraded.

The most effective part of Italian foreign policy is, however, rarely conducted at the top table (though Italian mediation skills should not be underestimated: witness the now-expiring deal which Sig Colombo put together in 1980 on Britain's contributions to the EEC), but in its quiet pro-motion of Italian interests, primarily commercial, around the world, and in the sleight of hand that enables it to reconcile any contradictions this may

In the EEC, Sig Colombo last cile any year promoted the idea of a involve. European Act, a re-dedication Italy's Italy's membership of the of the Community countries to EEC is generally a rewarding the goal of unity. Earlier this one, based on Rome's oftyear, in Washington, he called enunciated principle that there for a form of declaration by the sbould be "convergence" should be "convergence" between the richer and the less-rich members of the Community. Playing by the EEC's European countries and the U.S. in which they would state the principles guiding their relationship, in the hope of rules, and exhibiting not a flicker of doubt about the value reducing mutual tensions and of the Community, Italy has been a hig and consistent gainer. Italy is a more complaisantly pro-American member of Nato than other major Italian foreign policy is, however, normally conducted with. the utmost discretion; clear public statements are greatly outnumbered by elliptical or also very successful in trade very general ones. One reason with the Soviet Union.

is that domestic politics impinge In the Mediterranean, Italy very strongly on the conduct of succeeds in maintaining reasonforeign policy. The leaders of able relations with Libya, the coalition parties are despite strong allegations of normally consulted before a Libyan involvement in Italian move is made, and it is no terrorism and the occasional coincidence that the Ministry of alarm about Libya's military Foreign Affairs is as well in- build-up, to which Italy contributed in no small part. In the Middle East, Italy has a large arms contract with Iraq, while maintaining probably the least bad relations of any EEC country with Iran.

It is a formula for survival in the modern world. But, in purely military terms, Italy's survival power is a little less certain. After years of financial neglect of the armed forces, a badly needed re-equipment programme has bad to be severely trimmed, in order just to give the personnel a pay rise that is reckoned to be the minimum required to keep the best men.

Italian defence spending sbould be L10,300bn (\$8.5bn) this year, a 37 per cent increase on the sum budgeted for 1981 itself a 32 per cent increase on the year before. But the figures show the meaninglessness of Nato's target of a 3 per cent annual increase in real defence spending.

just under 20 per cent last year —Italian defence spending may be rising barely as fast as the cost of military equipment, and anyway Italy is starting from a very low base. Defence spend-ing accounts for less than 2 per cent of GDP and the share of Government spending devoted to defence has gone down from 11.4 per cent in 1973 to 4 per cent in 1981.

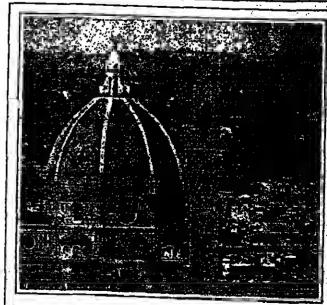
Even allowing for inflation-

Despite the recent doubling (to a still miserable L2,000 a day) of the pay of conscripts, manpower is probably the Italian forces greatest weakness. Some 65 per cent of the 366,000 men in the forces are national servicemen, doing only 12 months service (the 18 months in the Navy is being reduced to 12 months). In the Army only 18 per cent of the 255,000 men are regulars.

The forces appear to have come relatively unscribed out-of the P2 masonic lodge scandal last year, though their public image must bave suffered. Some 197 senior officers had to resign for all ged membership of the lodge, though it was decided that only some members had done anything wrong. Those who left included the Chief of Staff, Admiral Glovanni Torrisi, the Commanders of the Army, Navy, Carabinieri and of th two secret services.

Sig Lelio Lagorio, the Social ist Minister of Defence, chose the new men in consultation only with Sig Giovanni Spado-lini, the Prime Minister, and Sig Sandro Pertini, the President, rather than allowing the political parties to haggle over the nominations. In that respect the forces may now be on a

James Buxton



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March Come

effects

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of the last they

ITALY III

Spadolini brings the novelty of effective government

the mercy of the Christian port of the Socialists, which he beam only grudgingly given. The Socialists entered it Much of the Prime Minister's considerable energy, especially in recent weeks, bas been spenred mediating between his fractious colleagues to keep his sovern-

also the cause of the intrusion of politics into virtually every

aspect of national life. The only serious sttempt to break this impasse was between to bave functioned as a kind of 1976 and 1979 during which the Communists were finally in-duced to join the ruling parliamentary majority, though with-out seats in the Cabinet. Tha experiment failed, partly because of its internal contradicdeath in May 1978 of the man who devised it, the Christian Democrat leader Sig Aldo Moro. at the hands of the red bri-

Trallan politicians are cruissing in uncharted waters. For tha first time since 1946 Italy has, in Signor Giovanni Spadolini, and the successed in Signor Giovanni Spadolini,

indepth and most all contrast to the PSI to the scandal over petroleum product sales frauds. The recent resurgence of the standal over petroleum product sales frauds. The resurgence of the standal over petroleum product sales frauds. The resurgence of the standal over petroleum product sales frauds. The resurgence of the scandal over petroleum product sales frauds. The resurgence of the SI underprined by successes in the 1980 regional and the dacining harmonic pollities into extract the product of the product o

Finally, In May last year, an other scandal broke. This time over the existence of a Masonic super-mafia, linking people in key positions throughout the country. Though Social Democrats and Socialists were as heavily implicated in it as Christian Democrats, somehow the Christian Democrats came to take the major ahare of the hlame. Sig Craxi withdrew his support from the Government and Sig Forlani hurriedly re-

The subsequent elections of In the month-long crisis that 1979 resolved nothing and laid followed Sig Forlani tried but the basis of the current in- failed to form another govern-

Democrats and the Socialists who allowed him to form it. Much of the Prime Minister's considerable energy, especially in recent weeks, has been spenr mediating between his fractious colleagues to keep his government of the current narliament, beaded by Sig brought in too—and DC represent the Prime Minister's considerable energy, especially in recent weeks, has been spenr mediating between his fractious colleagues to keep his government alive.

But the longer the Government down in September the PCI and of its sympathisers for the loss of the Prima Ministership. It has never been ministration which followed it was a four party coalition comprising the DC. The administration set up to resolve prising the DC. the PSI, the social Democrats and the Republicans, to compensate for the loss of the Prima Ministership. It has never been ministration which followed it was a four party coalition comprising the DC, the PSI, the social Democrats and the Republicans are promised to the prima Ministership. It has never been ministration which followed it was a four party coalition comprising the DC, the PSI, the social Democrats and the Republicans and the Psi, with the Socialist always keeping up the pressure by focusing on one issue after another. Some issue after another. Some one issue after another. Some parliamentary majority and parliamentary majority and preceded than adving a monister.

The Government consists of five partles—tha Liberals were the current narliament, beaded by Sig brought in too—and DC represented the current narliament, beaded by Sig brought in too—and DC represented than actually himotopic form of the Curreased, partly at the expense of the Republicans, to compensate for the loss of the Prima Ministers.

The Government consists of five partles—tha Liberals were the current narliament, beaded by Sig brought in too—and DC represented to mought in too—and DC represented by Sig Arnaldo for the loss of the Prima Ministers.

The Bocialists entered tha second pring the current narliament, beaded by Sig bro certain "emergencies." Almost from the outset it has been the scene of a war of nerves hetween the DC and the PSI, with the Socialists always keeping up the pressure by focusing on one issue after another. Soma issues are settled, for Sig Spadolini is a tireless conciliator, but other certain issues simmer menacingly, too dangerous to touch, like the Soviet gas plpeline, on which the Government continues to stall.

The Socialists refurned to government in May 1980—after aix years in the political wilderness. The freshness of ideas and seriousness of several of the Seriousness of several of the Socialist ministers have impressed the public. Some reckon Sig Lelio Lagorio, the Minister of Defence, to be one of Italy's most effective holders of this post since the Second World War. Sig Gianni de Michelis is carrying ont badly needed reforms of the State industrial sector.

The PSI advance was resoundingly confirmed in last June's municipal elections—a result which would be a dramatic shift if repeated in a Ganeral Election. In contrast to the PSI the Christian Democrats present

fact that any party that has heen in power for more than three decades must take the hlame for the bad things as well as the good things of that seriod. This was the fate of a virtually united party, and the Forlani Government. Last Sig Ciriaco de Mita is likely to the conditions of the left. the Forlani Government. Last June was a low point in recent DC fortunes. It lost the Prime Ministership, and saw its electoral support, especially in the hig cities, eroded in local rejuvenation that much of the elections. A month earlier a referendum proposal to strengthen control of abortion was the weakening of the party's anchor. weakening of the party's anchor among pious Catholics. The presence of a foreign Pope profundly uninterested in Italian affairs has removed some of the spiritual legitimacy of the party. In a council meeting last August, the coalition against ing last August, the coalition that made Sig Piccoli secretary collapsed, foreshadowing more

the outspoken Minister of the Treasury, build up their positions. But meanwhile the party will probably face the more urgent issue of fighting general elections.

For years the DC has presented itself as a bulwark against Communism, especially

The other Italian parties, including the DC, cautiously welcomed what some see as the PCI's final break with Moscow. PCI's final break with Moscow. But they hastened to say there was a long way to go before the PCI could be coosidered free of what is called in Italy the K-factor—adherence to the Soviet model of Communism, the one party state and dictatorship of the proletariat. Anyway the PCI itself must persuade its activists to accept the new line, in the face of a campaign against it by Sig Armando Cossulta, the only central committee member to oppose it, who is capitalising on the who is capitalising on the understandable reluctance of many Communists to abandon their roots and romantic inspiration they draw from the events of October 1917, But in the long term the change in decisive for Italian politics for hreak now it means that like the DC. politics.

There remains the problem of who would hring down the Government, and how. President Sandro Pertini has alway said he is opposed to early elec-tions—though recently he ha admitted that in some circum stances it might be hard to avold them. If there are to h elections before mid-summer the time available is dwindling as allowance has to be mad for the preceding politics

Elections could produce rise in the PSI's electoral sur port. If hy Italian standards was substantial this could resul in a Socialist-led coalition of which Christian Democrat formed part. Alternatively, coalition on the left with the PCI is possible. But it is factorized to the coalition of the left with the PCI is possible. from certain that a governmen under Sig Craxi would reall hreak the mould of Italian

James Buxton

OIL COMPANIES APART, FIAT IS

* Source: Fortune Magazine

GIOVANNI SPADOLINI Academic with V1S1O11

PROFILE:

HE IS above all a cartoonist's dream. In real life Giovanni Spadolini, Italy's first non-Christian Democrat Prime Minister in 35 years, cuts a substantial figure physically—in height and in girth dominating most of his political colleagues. Yet somehow this transmutes quita naturally into the caricature of a rotund curly-haired cherub.

His trade—if not perhaps love—is its political equivalent, reconciliation and compromise. Fittingly for a man who becama Premier as the leader of a party with just three per cent of the electorate, the cheruh is portrayed naked and innocent, ven-turing among the sinister players on the Italian political

yet this impression is at hest only partly accurate. It conveys little of the gennine change wrought in Italian public life by a man who, so untypically of the inbred caste that mostly con-stitutes the country's ruling class, has practised much elsa in life than politics.

His arrival in June 1981 at the top of the greasy political pole was not entirely pole was not entirely unexpected, but was the product of peculiar dircumstances. The Christian Democrats, tired and drained by scandal, had quita literally run out of candidates for Italy's top executive office whila Bettino Craxi, the Socialist leader, was deemed too presumptuous and obvious in his own quest for the chief office.

Spadolini, 56, leader of the centrist Republican Party, was the perfect, indeed the only, compromise candidate if early compromise candinate it to be general elections were to be avoided. But he has surprised everyone with a style of government light years removed from that of the world-weary Christian Democrats who immediately the control of the co tian Democrats who immediately preceded him. For a start he quite obviously loves the job. He hrings to it enthusiasm, even a certain joy, coupled with an ability imusual among Italian politicians to master a brief. More important, he has the breadth of vision and understanding that reflects his previous career as a professor of modern Italian history at Florence University, followed later by a four-year spell, between 1968 and 1972, as the editor of Corriere dells Sera, editor of Corriere dells Sera, the country's leading news-

paper.
Familiarity and affinity with the Press led him in the early stages of office to conduct affairs through an endless stream of newspaper interviews. But after nine months of office these are drying up as the results, successful or otherwise, begin to speak for month-old Parliament.

It is his very popularity which has turned s power base of 3 per cent of the electorate into his strength. This time the overthrow of an evidently competent Prime Minister would not be easy to explain to the voter and his political rivals know it.

Rupert Cornwell



Unquestioned integrity

Measured against the four "emergencies" theatrically pro-claimed by the new Prime Minister last summer, be has done best on two of them. Italy's economy remains problem-ridden and foreign Italy's policy difficulties persist. But no recent Italian administration has scored such sweeping triumphs against terrorism, orand perhaps most important in the longer run—bas any mada such impact on the front of the so - called "moral emergency."

It is not that Italy's public life has taken on a cloak of virginal white. Far from it. But unlike most Italian politicians Spadolini does possess a sense of state—and his own integrity is utterly noquestioned. There is an almost impocent tinge to his personal life. He does not drive, is unmarried and his all too visible fondness for the meal table inspires if anything affection in the capital. "Home," for that small time not spent in the Prime Minister's offices at Palazzo Chigi, is an apartment in a Carabinieri harracks. His real home is in Tuscany where he was born and where his two unlike most Italian politicians he was born and where his two houses contain an academic's other love, a library stacked with 40,000 volumes.

All this has helped win him an uncommon popularity. Spadolini is perhaps more in touch with the changing nature of Italy than almost any other politician. Like that other contemporary revolutionary, the 85-year-old President of the republic, Sandro Pertini, he understands the genuine aspirations of his countrymen.

In the cruel relentless cockpit In the cruel releases cocapit of Roman politics these are not qualities which guarantee longevity. But though his survival seems menaced by almost daily squabblings, his five-party government had by mid-March already lasted longer than any of its three predecessors in this termented 33-month-idd Parhiament. month-old Parliament.

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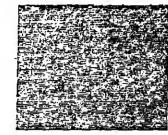
but also ready to seize quickly the opportuni-ties that will follow.

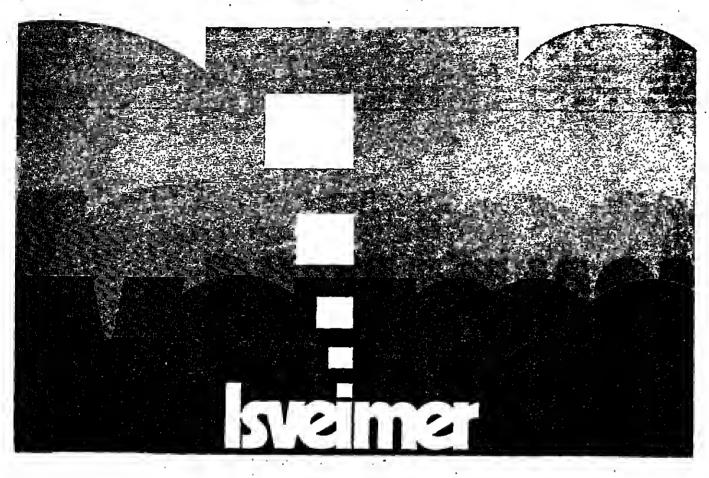
Isveimer, the Bank for the development of Southern Italy.

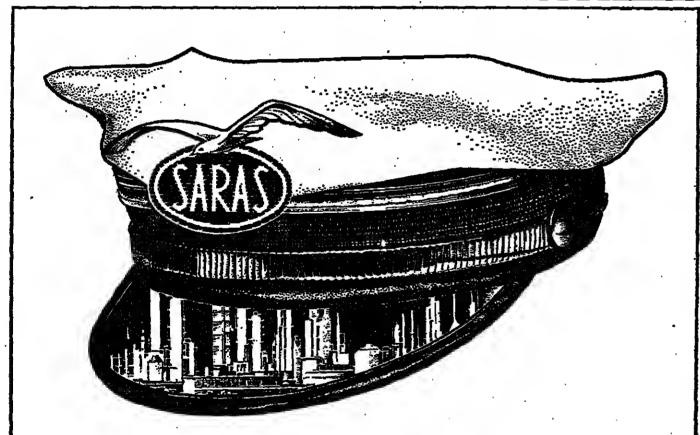
laveimer is the medium-term Bank which finances italian and foreign productive activities in Southern

The guidelines underlying its harmonious growth in the last 5 years (over 3,000 billions of italian lire in "outstanding credits" and over 550 billions of italian ire in "own funds") can be easily identified:

-a diversification of the credit offered: -a policy of greater funding, even in forms differing from the traditional bond issues in Italian lire; a more active and constant presence throughout Southern Italy as regards the allocation of funds, and over the domestic and international financial market for what concerns the raising of funds







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Energy crisis continues as country muddles through

warded off the march of Hanni- feet hal's Carthaginian army on

implementing government energy policy have come about mostly by failure and accident rather than design. Successive Industry Ministers have published ambitious plans to enter on imported oil and develop domestic resources. But very little has been put into practice. More by luck than judgment Italy bas simply muddled through. The energy crisis, through. The energy crisis, like Hannibal's army, has retreated but stayed unbeaten.

A year ago the electricity supply system appeared to be teetaring on the brink of collapse. Oil supplies were uncertain and the cost of crude imports was forcing the balance of payments deficit to

Since then gradually encroaching recession has cut industrial demand, and the state electricity corporation, Enel, despite much agonising over its cash flow problems, has managed to squeeze its way through the past winter with-out major power failures, belped by mild weather.

Weakness

Even more important, the international oil glut has eased supply pressures and sliced around 25 per cent off the dollar price of crude.

Despite the weakness of the lira against the dollar the affair have still to be seen. Eni Government was able to order a is now headed by a temporary L30 per litre (nearly 3 per cent) in February, the first price cut in two decades apart from a brief and accidental aberration in October 1980 caused by the collapse of the administration of Prime Minister Francesco

The energy crisis, however, has not receded without taking some political casualties, mostly from among the ranks of those who tried a little harder

to face the challenge.

Sig Filippo Maria Pandolfi,
Industry Minister in the early
months of last year, declared
war against "useless plans on conversion programmes. But in Electricity 11.5 10.1 12.7 15.4 the mid-year reshuffling of Total conpolitical jobs which produced sumption 35.1 104.4 105.2 119.7 the five-party Spadolini coalition Sig Pandolfi was eased out. His chair went to Sig Giovanni Marcora who, as befits a former Agriculture Minister has

DICTATOR Quintus seemed more content to watch of gas through the newly Maximus Conctator the grass growing beneath his completed trans-Mediterranean

Another notable casualty has Rome in 217 BC he set a prece been Sig Alberto Grandi, presi- Sicily and the Italian mainland dent for Itah's management of dent of the state oil and energy the energy crisis.

dent of the state oil and energy conglomerate Eni. A Christian It is not an exact precedent.

Democratic political appointee, by Algeria's finistence on Fabius believed in masterly in Sig Grandi was forced out renegotating the original activity. In contrast, delays in earlier this month in a show contract to raise the gas price implementing government of muscle by his party's Socialist and index it to that of crude of muscle by his party's Socialist allies in the administration.

Although his removal was overtly political (Socialist party officials made no secret of their lished ambitious plans to cut wish to promote their own man, the country's over-dependence Eni vice-president Sig Leonardo di Donna) his vulnerahility sprang from a tactical error. Sig Grandi in the preceding months made a series of noble but foolhardy attempts to push the Government into approving Eni's finalised contract to join the controversial Siberian gas project.

His efforts risked upsetting the delicate balance in the Cabinet forged by Sig Spadolini, who declared a "pause for reflection" on the pipeline project last December after the Polish crisis to avoid a devastating split in the

coalition. Sig Grandi's motives in seek-ing to clinch the deal, which would provide Italy with 8.5bn cubic metres of gas a year, may bave been valid in terms of the Government's energy policies. His persistence in pursuing it finally prompted Sig Spadolini to remark crustily that it was not the Eni president's job to conduct Italian foreign policya comment which sealed Sig Grandi's fate as effectively as

Henry II in similar circumstances scaled Archbishop Thomas a Beckett's. The end-results of the Grandi commissioner on a six-month appointment. One likely con-

sequence is a moratorium on decisions which would commit the with state energy corporation to gradually been normalised. But a parallel negotiation with sign one.

Algeria for the supply of more If significant advances had

ENERGY CONSUMPTION BY SOURCE (% of total MTOE)

paper" and pushed hard to win Oil 49.2 70.7 62.6 55.4 political and public hacking for Solid fuels 24.6 6.5 5.3 7.1 accelerated nuclear and coal Gas 14.7 12.7 19.3 21.7 Total con-sumption* 35.1 104.4 105.2 119.7

* m tonnes of oil equivalent.

† Forecast (IEA).

pipeline.

The trans-Med pipeline to was completed in November, conglomerate Eni. A Christian but supplies have been delayed

> A bilateral government commission is now trying to solve the dispute in the context of a wider Italo-Algerian economic co-operation agreement. Even this approach vicids the clusive compromise it is far from certain that the temporary commissioner for Eni, Sig Enrico Gandolfi, will feel empowered to commit Eni and its gas subsidiary Snam to a potentially costly long-term

Negotiations

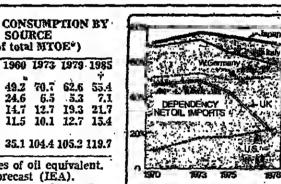
Italians thus face the prospect of indeterminate political delays in two of the most far-advanced schemes for reducing the country's depend-ence on Opec cil.

At the same time, and for

similar reasons, question marks have to be put against pains-taking negotiations developed by Eni in the past year to restore direct relations with the main Opec modarate, Saudi Arahia. A still unresolved bribery scandal led Saudi Arabia's Petromin to suspend oil shipments under long-term contract to Italy in December 1979, a scandal which forced the resignation of Sig Grandi's Socialist predecessor but one, Sig Giorgio Mazzanti.

The lost contract cost Italy some 10m tonnes of oil at assured prices over the 1980-81 period, which happened to coincide with the sharpest crunch of the oil crisis.

than 12bn cuhic metres a year been made in other areas this



would matter less. But they have not.

The private sector chemicals group Montedison has reported oil shows in exploration wells drilled offshore Sicily. But technical data so far available give no reason to suppose that these herald a major contribution to Italian self-sufficiency. Domestic oil production meets only 3.6 per cent of Italy's

Meanwhile coal and nuclear energy programmes have remained bogged down in local resistance. despite encouraging signs in certain

regions.
"The atom is mysterious and coal is black," former Industry Minister and leading economist Professor Romano Prodi once remarked in explaining opposition to Government plans which would bring eight nuclear power stations and 11 new coal-powered generating plants on-stream by 1990.

The Government's latest plans, announced by Sig Marcora last year shortly after taking office, would involve investment - of more than L87,000km (\$75bn) in the decade to 1990.

These investments would hold Italy's oil import needs down to around their present level of about 100m tonnes a year and reduce oil's contribution to total energy requirements to near 50 per cent from near 80 per

Few observers, however, take the latest programme at face value. After similar proposals at yearly intervals Italy still has only three nuclear power stations functioning, of which one, at Caoroso in the Po Valley, was commissioned only last year.

Again, plans to reopen the Suicis coalfield in Sardinia fill few economists with enthusiasm. Sulcis has several hundred In the past year relations million tonnes of estimated with Saudi Arabia have reserves, anough in theory to reserves, enough in theory to keep the field working well into state energy corporation to gradually been normalised. But keep the neid working well model long-term expenditures. If that no new direct long-term contract the next century. But the coal turns out to he the case not only bas yet been signed and it is of poor quality and highly would the Soviet gas pipeline would be optimistic to suppose sulphurous. The field, opened that a caretaker regime could in the Mussolini era, was last a parallel negotiation with sign one. cular economic circumstances of the 1940s.

While gasification and modern carbon chemistry techniques could make the field more attractive, recent reports indi-cate that even locally, where reopening the field would be a major hoost for employment in one of Italy's most depressed regions, there is little enthumore politically than economically vishle:

Scepticism also another major coal scheme, the Eni-Occidental petroleum joint venture agreement signed last.

Charles Kennard

Brigades admit defeat

The

struggle represented a wager with history. Well, we've lost this wager, and our isolation and defeat are the price we are paying for having sbut reality up in theoretical schemes." Tha medium is vintage Rad Brigades jargon, but this time the mess-age is one of defeat.

age is one or dereat.

There has been nothing to match the crumbling of the citadels of Italian left-wing terrorism in the past few weeks. The number of suspected terrorists and their helpers arrested has swollen so much bave scarcely bothered to give

details.

Sinca December 17, when the last, ill-fated Red Brigades offensive began, some 385 suspected terrorists have been arrested. All but 45 of them are on tha left of the political spectrum. Thirty-fiva terrorist bases have been discovered, and about 10 arms dumps. The former Red Brigades stronghold of the Veneto appears to have collapsed, and the units in Milan, Rome and elsewbare are seriously, weakened. Sevaral Red seriously weakened. Sevaral Red Brigades members have publicly called on their colleagues to renounce armed struggle.

December 17 was the day
when Red Brigades members,

with customary efficiency, kid-napped General James Lee Dozier, the senior U.S. officer at Nato's southern European headquarters, from his flat in Verona. It has since emerged that his kidnapping was to have been only the first in a series of operations, including the kid-napping of Sig Cesare Romiti. managing director of Fiat. and tha staging of commando-style raids to tree jailed terrorists from prison. The offensive was to have culminated in the the Christian Democrat Party at several subsidiary left-wing a meeting in Rome.

For all these operations detailed plans bad been made, and hideouts for the kidnap victims prepared. But the auth-orities were able to foil almost all of them. The first breakthrough came early in January, with the fortuitons capture in central Rome of two Red Brigades members preparing tha kidnapping of Sig Romiti. This led a few days later to the capture of Giovanni Senzani, a former sociology professor who had become the mastermind of the Rome unit of the organisa-

tion.
It is still not clear axactly what led to the identification of

"THE INEVITABILITY of armed the flat in Padua where Gen Savasta, and no doubt others, before, but several important struggle represented a wager Dozier, a specialist in logistics to have a far wider knowledge leaders remain at large. but apparently not a valuable source of information to his captors, was heing held. It was apparently the result of infor-mation obtained partly from those who had been captured in Rome, and partly from the underworld of drug pushers, for whom Padua is a centre. No such hideout bad ever located before while a kidnap victim was in it.

Betrayer

The police commando action which liberated Gen Dozier on January 28 also netted one of the Red Brigades' most dan-gerous members, and one of its greatest betrayers. Antonio Savasta, who led the Dozier kidnap operation, claims respon-sibility for 17 murders. He swiftly changed sides after his capture, and has helped the police to detain at least 100 of his fellow Red Brigades members, and to indentify their hideouts. He also revealed infor-mation about the kidnapping and murder of Sig Aldo Moro, the former Prime Minister, in 1978. Why have the police been so successful? Ever since the death of Sig More, the police and Carchinieri have had to become more efficient in dealing with terrorists. Improved methods of detection and analysis of the captured reams of information which Red Brigade cells always compile, assisted them in the big terrorist round-ups of 1979 and 1980. Most of the 1,500 terrorists currently in prison were captured in these

It was after the Moro drama that the police set about training a special unit which, like the SAS in Britain, was designed to be as least as good as the terrorists in tactics and weaponry, and was put to good use at Padua. The para-mili-tary Carabinieri trained their own unit

raids, which also turned up

groups.

The Red Brigades had been weakened by past arrests, and the restructuring of their organisation in 1980 and 1981 probably admitted many young and inexperienced members. Security appears to bave declined, permitting a man like

to have a far wider knowledge of the organisation than its fathers founding

appear,

nevertheless, to have been shocked by the size of the organisation, the extent of its knowledge, the audacity of its plans and the existence moles" at important levels in the, Government machine. Thesa included a telephonist in parliament (who is being sought), a man in the Minister of Industry's office. a girl on the staff of a leading magistrate investigating terrorism, and a leading official of socialist-oriented union UIL, who was

anthorities

arrested last month. The allegations that the police used torture and other forms of ill-freatment to obtain confessions from many of the recently-captured have been swelled by declara-tions from detainees, lawyers even from within the police force, and could cause serious embarrassment to the Government. Sig Virginio Rognoni, the Minister of the Interior, first denied them out of hand, and then denied that there had bean any planned ill-treatment.

All but 10 per cent of the recently-captured terrorists are said by the deputy Interior Minister, Sig Francesco Spinelli, to have co-operated with the police. There has been no suggestion that Savasta, the most useful informant of them all, gave his 100-page statement to the magistrates under duress. But, while the hunt for Gen Dozier was at its height, the authorities were under great pressure to provide

Where does this leave the Red Brigades and other leftwing terrorist groups? The mounted since the release of Gen Dozier was a raid on a barracks in the Naples area to capture weapons, while the only operation they have capture weapons, while the guards were asleep. Most of the arms have since been recovered, near a Nato hase

outside Naples. corganisation prestige of the Rad Brigades leaders remain at large. Besides the incarceration of terrorists in the past has not stopped them plotting and directing operations from inside prison, thanks to poor security and the intimidation. of prison staff by terrorists using the mathods of the Mafia.

Even before Brigades' winter campaign there were clear signs that terrorism was on the decline in Italy. The number of terrorist actions in 1981 was, at about 820, the lowest since 1975, though the number of deaths at the hands of terrorists (some 24) was high. In political terms, left-wing terrorism has failed to produce

the results expected of it-the undermining of the state, the subsequent fascist reaction, and finally proletarian revolution. The state has become a little less inefficient, and the majority of the proletariat has, especially recently, identi-fied with the forces of law and order, who the terrorists claim are the people's enemies.

Causes

But the causes of left-wing terrorism remain: the immobility of the political system. the rottenness of the bureancracy, the dominance of the middle classes and the meagre prospects for most young Italians: Foreign states, especially in the Eastern bloc, have an interest in destabilising Italy: the Dozier case has produced indications of Bulgarian interest, and Sig Spadolini said in January that 26 foreigners had been expelled from Italy in the past two years for being associated with terrorism: they included, it is understood. Libyans, Hungarians, Russians and Bulgarians.

rally accepted theory is that these countries facilitate rather than directly promote it, by providing arms and training facilities. One of Gen Doziers prestige of the Rad Brigades captors was fresh from a train-have been damaged as never ing course in Libya.

CONTINUED ON NEXT PAGE

dealer

CARLO DE BENEDETTI is the man who proved that large private Italian companies, whose performance during most of the last decade was so most of the last decade was so had, have a future. In less than four years he has turned Olivetti, of which he is deputy chairman and chief executive, from being barely profitable into Italy's most successful

large company.

In recent months Italians have seen another side of Sig de Benedetti. In a sharply terminated 65-day spell as deputy chairman of Banco Ambrosiano, the country's most important private hank he demonstrated that managing a hig company like Olivetti did not completely satisfy his ambitions—and indeed that be is not prepared to be trifled with.

Skilful

In fact there is no contradiction between the two images. Carlo de Benedetti is not only a skilful manager with considerable leadership ability, he also bas a strong nose for a

Turinese families who dominate much private Italian industry. He first made his industrial reputation when in 1972 and, in his stock exchange he took over a small Turin tanning company named Gilardini. Within four years be had built the business up from employing 100 people to employing 1,500. Turnover swelled with the incorporation of small and medium-sized Italian and foreign engineering companies.

On the strength of that he profits rose from a meagre L2bn was brought in by the Agnellis in 1978 to nearly L90bn last (the proprietor family) in 1976 year, during which time turnto be managing director of Fiat and to handle its delicate managerial restructuring. Fiat has since been applied to bought Gilardini; de Bonedetti Pirelli, Fiat, Montedison and

was given 5 per cent of Fiat, making him its second largest shareholder. But his stay at Fiat lasted

only three months. He apparently clashed with the Agnellis and the rest of the Fiat staff found his style too abrasive. The Aguellis bought out his stake at what is said to have been a handsome profit to him, and de Benedetti founded a new empire. He bought another tanning company colled Civ. ning company called Cir and, repeating the Gilardini opera-tion, more than doubled its turnover in two years.

Already be was looking around for something bigger to conquer. Finally in 1978 he entered Olivetti, based north of Turin at Ivrea. Olivetti had been family-run from its foundation in 1906 but the office equipment concern had run out of steam in the 1970s. It was beavily in debt; under-capitalised and bovering between profit and loss.

De Benedetti initially bought about 20 per cent of Olivetti shares and set about reviving it. He did things which in the financial deal.

Born into a prosperous Jewish family in Piedmont 48 years ago, Sig de Benedetti was outside the circle of Milanese and armosphere of the time the big companies had despaired of doing, like shedding workers and raising new funds on the exchange as a source of funds.

He was belped by inheriting

good new product—the first electronic typewriter — thnugh de Benedetti says he rethought its marketing and marked up the price beavily. Olivetti's profits rose from a meagre L2bn in 1978 to nearly L90bn last over has nearly doubled to L1,362bn. The Olivetti formula

other companies, in all cases producing hetter results. De Benedetti's main contribution was prohably to give the company executive management at a time when it was only heing administered. Only be and his brother Franco came into the company from outside. "The attitude before was that Olivetti was making losses hecause it was in debt I said it was in debt because it was making losses," be asid last year, after successive capital increases, Olivetti's debt dropped to an

amost negligible level. But de Benedetti retained his other interests, continuing to expand Cir, and has never moved from Turin to live at the company town of Ivrea. Even so there was great surprise when last November, it was amounced that he had taken a small stake in Banco Amhrosiano, of which he hecamo vice-chairman.

Appeal

The surprise was partly at the fact that de Benedetti should choose to join a concern which, while being highly profit-able, is closely linked to the Christian Democrat establish-ment and the Vatican. Its chairman, Sig Roberto Calvi, was earlier last year convicted on illegal currency export charges and is at liberty pending appeal. De Benedetti, on the other hand, has been untouched by scandal and if anything is linked to the republican party. At the time Sig Enrico Cuccia, bead of Mediobanca and of Italy's financial establishment, commented: "One of them is making a mistake. Only time will tell which," Sig Calvi apparently brought in de Benedetti to improve the standing of the bank and de Benedetti joined to expand his area of interests and to gain



Carlo de Benedetti: not prepared to be trifled with

But tha "marriage" did not work. Sig. Calvi bad apparently not bargained for de Benedetti's understandable desire to get to know the ownership structure of the bank (which bas always remained largely secret) and some of the more crucial events in its recent past. Sig Calva refused to tell de Benedetti anything of importance and discouraged bim from becom-ing associated in the running of the hank.

Finally both sides decided to end the deal and Sig Calvi arranged for the purchase of de Benedetti's shares at the cus-tomary profit. Neither side can he said to have lost much and Calvi has oow found another vice-chairman.

De Benedetti is meanwhile presumably looking for another opening, having earlier said that he did not expect to end his days at Olivetti, even though be believes it can be made still more profitable. Meanwhile be remains an outspoken critic of governments and their handling He recently told a group of par-liamentarians visiting lyrea that government had con-tributed nothing to Olivetti's

James Buxton

Banks struggling as tight credit squeeze continues

THE ITALIAN financial system poor second in this division of the banks should develop a new is going through difficult times. funds. If the banks overshoot monetary instrument as a form The Bank of Italy continues to the lending restrictions, as they of certificate of deposit to enforce a tight credit squeeze, did by a total of about L3,000hn match the appeal of the Treawhile banks are also suffering last year, they have to spread from a real decline in deposits the financial penalty which the as savers increasingly invest direcentral bank imposes around ectly in government bonds. The Milan stock exchange, for which money even more expensive.

almost a year at 22.5 per cent, prime lending rate came down marginally, early this month to 21.75 per cent, but that still means loans to many borrowers of up to 27 per cent-rates which have been called usurions. Unloyed by lenders, the banks are also unloyed by de-positors—deposits grew by less than 9 per cent last year, against an inflation rate of 18 per cent, as depositors but their money directly into Treasury Bills.

The difficulties the banks are

facing have prompted many calls by leading bankers for fundamental change in the anti-quated and, for the consumer, inefficient banking system. Yet so far there has been no obvinus sign of a response to these calls, though the tide of discussion continues to flow strongly. There are certain technical developments under way in the banking system, but these are

due mainly to past initiatives. The Bank of Italy's credit restrictions, aimed at keeping the growth of total internal credit within specific limits, is intended to curb inflationary pressures. The next most important part of its job is to make sure that the Govern-ment's public sector borrowing requirement, which is itself a major cause of inflation, is funded. Every possible device is savings accounts, and to greater used to make sure that the govincentives to Italians to use used to make sure that the gov-ernment bas first call on the banks' funds. Last year the outtnrn of the PSBR was almost L52,000bn, against the nriginal target of L43,000bn, and this years target of L50,000bn looks increasingly unlikely to be met. The private sector comes a

If left-wing terrmism were to come to an end it would prob-ably be replaced by some other

ably be replaced by some other form of subversive activity. It is more likely to continue on a reduced scale; things rarely come to an end in Italy, and terrorism is an historical phenomenon of long standing.

The hue and cry about left-wing terrorism bas obscured the no less sinister pheno-menon of right-wing terrorism,

which caused the death of eight people last year and which, with the death of 85 people in

the 1980 bombing at Bologna

railway station, was responsible for the most lethal terrorist

incident in recent European bistory. The disturbing fact is

that, in contrast to their successes against the left, the

police have achieved very little

in following up the major inci-

dents of right-wing terrorism. at the heart of right-wing No-one has bean proved terrorism, for fear of incrimin-

their borrowers, which makes

Most of the pain is being felt effects of their weakening desqueeze gradually eases it will become more serious. The recent ending of the import deposit scheme, which began last May, will inject about L4,000bn into the economy, and a drop in the Bank of Italy's discount rate, currently 19 per cent, is considered likely soon.

Discreet

Before the great popularity of Treasury Bills, Italy's banks could happily operate a system of obtaining deposits which Dr Nerio Uesi, chairman of Banca Nazionale del Lavoro, calls Bourbonic and Levantine." But the banks are still operating it: officially the deposit rate is only 11.5 per cent; but on discreet application banks will pay large depositors consider-ably more. The absence of a "transparent" deposit rate policy is now costing the banks dearly, though some outside observers wonder why anyone deposits money with the banks at all, when Treasury Bills offer a much higher coupon,

and are tax free too. One idea currently being widely canvassed is an end to the system whereby banks pay interest on current accounts, which would lead in the creation of more clearly-defined cheques for more than just drawing out each. The counter-argument is that any system which actually diminishes the amount of interest paid on bank accounts is not timely at this Another suggestion is that

Red Brigades admit defeat

(the start of more than a decade of terrorism), nor of a hombing at Brescia in 1974 which cost eight lives. Police have not even charged any one with the Bologna bombing, for which the group ever claimed

with the Bologna bombing, for which no group ever claimed responsibility. This month the two houses of parliament met in joint session to consider whether two former Prime Ministers, Sig Ghilin Andreotti nad Sig Mariano Rumor, and apother ex-minister, should be arraigned before the constitu-

arraighed before the constitu-

arraignes perfore their part in the alleged quer-up of secret service involvement in the Milan bombing.

The view of the Italian left, and parts of the centre, is that

the authorities dare not strike

at the heart of right-wing

of certificate of deposit to match the appeal of the Trea-sury Bills.

sury Bills.

In the meantime, the banks are expanding into what they call "para-banking" activities—such as leasing and factoring—where the pioneering work hopes were so high only a year ago, is making a gradual recovisc currently so restricted that in Italy was done by the growarv after last summer's crash. This sector also bappens to This sector also bappens to by the banking system. After posit base, but as the credit have the advantage of being free from the most oppressive credit controls. Any serious reform of the

banking system will have to tackle the appalling inefficiency of service to customers which can make visiting the bank a very frustrating business. The frustrations stem from two maincauses: fussy restrictions im-posed by the Bank of Italy, which there seems little chance of removing, though there perhaps is more scope for banks to akilfully accommodate themselves to them as some foreign banks have done; and the gross inadequacies of the system nf communication betwen one bank and another.

Communications within each of the main banks are relatively good, and Italian banks, hy European standards, bave high degree of automation-but nnly within their own systems.
The moment one institution bas to deal with another-and there are more than 1,000 banks in Italy—paper and manpower have to he used to book up two computer systems. This is why it can take up to a month to clear a cheque drawn on another bank. The system is not helped by a very bad postal

service. Only the savings hanks-of which there are about 90 institutions—now have their own tele-processing network, and early this year they launched the first network of automatic teller machines, permitting customers of one eavings bank to draw cash from another using a machine situated in the ontside

aspect of an increasingly vio-lent society. Some 78 people

tween rival Camorra gangs.

This feuding produced more

last year; the true figure may be

higher, as some families never

kidnapping the consolation may be that the number is nearly

half what it was in 1977, and it is claimed that the kidnappers behind bars—more than 1,000

of the total.

-represent 70 per cent

James Buxton

inform the police. In the case of

than 200 deaths last year.

of making their own automatic networks—which many of them aiready have—correspond with each other. For this there is a target of next spring, after which there is the prospect of Italy baving the first single national automatic network in the world-a remarkable feat for a country with such a quaint

banking system. The next stage will be the merging of the banks teleprocessing systems, though this is considered to be some way off, because of the serious technical problem involved.

Revival

While the banks, ability to finance industry has been curtailed in the past twn years, the stock exchange enjoyed a remarkable revival in 1980, which saw prices double, and in the first balf of 1981 when they went up a further 68 per cent. During that time a wave of companies, large and small, came to the market to increase their capital oy new issues of equity and bonds, and substantially reduced their debt-equity ratios which traditionally have been such a feature of the Italian company's halance sheet.

Then in June the market crashed, and for a few days in altogether. The polemics about the subsequent correctness or otherwise of the interventions of the new activist board of the Consob regulatory authority are still being debated. In the autumn stockbrokers were still blaming the Consob, for many of their troubles, as well as taking a swipe at the Goveroment for not fulfilling its promise of introducing promise measures to allow the creation of unit trusts, as well as other measures to encourage shareholders.

Finally, the legislation was introduced—though its tax provisions were judged too disadvantageous to make them worthwhile—and the market began to pick up, with trading volumes rising again. At the end of the year the Stock Exchange closed more than 10 per cent above where it had

The trading month straddled by Christmas was depressed by the flotation of the L640bn guilty of the bank bombing in ating apparently respectable the Pizzza Fontana in Milan in members of the establishment.

1969, in which 12 people died Yet terrorism is only one capital increase for Montedison Chemical, which was only 21 per cent subscribed. Then came the collapse of the sbare price of Bastogi, the property and industrial holding company, so 1982 seemed set in get off to a thoroughly bad start. But there died in the Naples area in the first two-and-a-half months of this year alone, in warfare bebas been a little more action in the past few weeks and the market has risen 5 per cent so The Mafia and its internal struggles accounted for more than 100 deaths in 1981. Some 40 rich Italians were kidnapped far on the year.

The Bourse ought to be an interesting scene of action in the next few years as more state-owoed concerns-use it to raise capital, as new instruments come in to encourage wider shareholding, and the rules on disclosure of information are progressively tightened. All this will take time, but the spectre on June-July 1981 is gradually receding.

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Industry in Italy faces some disturbing long-term trends. Here, and on the following two pages, Financial Times writers examine the problems faced by some of the key sectors.

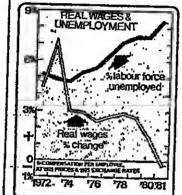
Important structural changes under way

AT FIRST GLANCE Italy's in- many of the problems which dustry in early 1982 presents crippled them in the 1970s, and a depressing spectacle. Unem- a concerted assault is being ployment and layoffs are at made on the state sector which record level, production in 1981 though it has yet to abow much that of the year before. Many the limits of the politically poscompaoies, especially in the sible. And there is little reason state sector, are being severely to feel gloomy about much of squeezed by very high interest rates, and from a normally prosperous part of the country, notably Piedmont, comes a stream of laments and reports of bankruptcies or near bank-

If much of that can be put down to the problems of the world recession, which Italy began to suffer after most industrial countries had become used to it, there are also some dis-turbing longer-term trends. Italy's strength in craft products like shoes, leather goods and some textiles is being eroded by competition from developing countries. Heavy industries such as chemicals, oil refining and parts of the steel industry face poor prospects, and it is particularly unfortunate that there should be such a concentration of these heavy industries in the generally poor south. Italy is weak in bigh technology

Yet the gloom can be overdone.
Pledmont is suffering for Its heavy dependence on the motor industry, centred on Fiat, yet car sales still rose marginally last year (though stocks ran down). Many of the small companies whose plants line the country roads of the Veneto and other parts of the north, are bardly suffering at all, and are mostly young enough not bave a backlog of debt.

More important, there are big structural changes afoot that make it possible to be more optimistic about Italian industry than for several years. Broadly speaking, the large private sector companies are sorting out



was nearly 4 per cent down on fruit, may be pressing against the small business sector, depending on what field it is in.

The 1970s were the decade when large Italian companies paid the price for the economic miracle of the early 1960s. The enormous gains in trade union power achieved at the beginning of the decade drastically cut productivity and raised wage costs, and companies became overwhelmed by debt and unable to raise new capital.

Smaller units

One way out was for com-panies, where they could, to decentralise production-relying more on smaller units and on small independent suppliers who were more flexible and less inhibited by restrictive prac-

After the first oil crisis of 1973-74 there was enormoua growth of these small concerns, which were remarkably dynamic in export markets. Most of them were in every respect legal, but at the smaller end of the scale they disappeared into the so-called submerged or black economy, beyond the effective scope of the taxman or the labour regulations.
The first major attempt by

the large companies to putting their affairs in order came in 1978 with the appointment of Sig Carlo de Benedetti as head of Olivetti, the office and data processing equipment manufacturer. He proved that it was possible for large companies to control workers, increase productivity and raise new capital on the stock exchange to cut indebtedness. His example was followed by Pirelli, the tyre and cable maker, and other private sector companies.

Italian companies were cushioned during the 1970s by Italian an exchaoge rate policy which allowed the lira to fall as the inflation rate differential with other countries rose. But io March 1979 Italy joined the European Mooetary System and this safety exit was drastically reduced. Fiat asked the government for a devaluation in the summer of 1980. When it was refused it went ahead with major cuts in its labour force which caused a long but unINDUSTRIAL PRODUCTION BY SECTOR

1975 1976 1977 1978 1979 1980 1981+	An industry 100.6 111.6 114.0 121.7 127.8 123.4	Capital goods 100.0 193.2 197.8 112.6 122.3 137.0	Mining and quarrying 100.0 97.7 96.2 94.5 05.2 94.9	Chamical Industry 100.0 112.3 112.3 123.3 131.5 136.6	motor) 100.0 109.8 110.3 111.5 118.9 156.5	Office and data processing 100,0 120.5 125.6 176.7 238.9 253.1	Footwear and clothing 100.0 115.5 113.4 103.4 116.6 116.0	sol the che are to sec ret
1981†	123,4	143.6	98.1	140.0	192.1	252.1 261 .1	116.0 10 8.5	I the

es based on 9-11 months. Source: Eurostats

An important weakness of Italian industry is the relatively small proportion of high technology exports. The state sector's heavy burden of accumulated debt and muddled structure has resulted in much waste, a situation the government is trying

matters.

Smce then Fiat's productivity has increased by about 20 per cent to near the European average, absenteeism has fallen sharply, management morale and effectiveness bave risen and, but for serious difficulties in Latin American, the company would be the only Western carmaker making profits.

Fiar's example was followed last year by Montedison, the chemical concern, and this year by Alfa Romeo, the state-owned car producer, as well as other smaller companies, the Fiat strike at least ended the growth of trade union power in industry, though the expected period of its decline may well be a turbulent one.

The problems of the state sector are less tractable. Though it contains many well-ruo and technically advanced concerns. it is very beavily burdened with accumulated debt which accounts for most of its L4,000bo loss last year. Its management is frequently distracted by political considera-tions—for example, the current row over the chairmanship of

ENI, the state energy company. But the worst problems of the state sector are its often muddled structure, and duplica-tion of wasteful competition with the private sector. Its beavy concentration in the crisis-ridden sectors of steel, shipbuilding, automobiles,

Fresh

IS THE worst over for the Italian car industry? The question may sound odd, in

the midst of the deepest

crisis for the sector in decades. But every sign is that when the npturn does come, it will be in a far bealthier state than when the

The most striking turnround has come at Flat, the Turin-

based manufacturer which

based manufacturer which accounts for more than four fifths of Italy's overall output. In 1980, the year of its greatest difficulties, Fiat lost L130bn (\$100m) on its car operations. For the last year the division expects to have

the division expects to have

been narrowly in the black.

The improvement is due to a combination of factors, but determination with which the groop has tackled its under-lying problems in the last 18

Most important of them all,

Quality

results may be seen in the

new 127s, uprated Ritmos (Stradas), and the facelifts

carried out to the 131 and the

top-of-the-range 132 (now

But Fiat would be the first

to admit that its efforts have

been favoured by the extra-

ordinary bnoyancy of the

domestic car market in Italy

where It has a dominant share

(51.4 per cent in 1981). If its

Lancia and Autobianehi sub-

sidiaries are included. Flat

current recession began.

to sort out chemicals, fibres, do not belo and Sig Gianni de Michelis, the Minister for State Shareholdings, bas been making a vigorous attempt to improve

> A series of structural changes bave sorted out the often higgledy-piggledy organisation of some of the subsectors of state industry. For example, some of the anomalies in the structure of STET, the telecommunications sub holding of IRI, have been cleared up: the nuclear industry has agreed on one reactor type (the pres-surised water reactor) though the state has not yet given it any orders for them; and the shape of the state aircraft indus-try bas been clarified.

Anomalies

More striking is this month's agreement between Finsider, the steel sub-holding of IRI, with Teksid, the steel subsidiary of Fiat, under which Finsider is to take over some of Teksid's activities, and the two companies are to co-operate in a venture 51 per cent Finsider, 49 per cent Teksid, to make special steels. Talks are still going on for co-operation be-

tween Fiat and Alfa Romeo. While a L6,000bn plan to restructure the steel industrywhose problems are as much financial as structural-has been

hope

industry is more advanced. Last year the government-held conld and the company became ie private sector pole of the pick up. emical industry. Its troubles. e far from over but it intends concentrate more on condary chemicals, where

turns are higher. In the state chemical sector the most important development has been the establishment of a joint veoture between ENI and Occidental, the U.S. oil company, which has taken over many of the plants of the defunct SIR and Liquichimica. The idea is to combine an injection of American management and marketing skills with an infusion of Italian funds. For the remainder of the Industry there is to be a rationalisation and exchange of plents with Montedison, for which negotiations

Agility

are still going on.

The crucial question in the state sector remains bow many surplus jobs will actually go and how much uneconomic plant will in fact be closed. The unions have been told that the state sector can oo longer be such a drain on the country's finances but there is a limit to what can be done to stop it. On the other hand there is far less opposition to the selling off of parts of the state sector than there is in Britain.

Italian industry in general eologs two obvious strengths. One is the high level of fixed investment amounting to 20 per ceot of GDP in both 1980 and 1981. It is said that Italians like

passed by the government, the to have new equipment fust as reorganisation of the chemical they like to have new stills and new bathrooms, and the result ia that Italy will be well placed olling stake in Montedison was visa-vis many competitors when the Western economy begins to

> The other is the agility of Italian businessmen, inche some of the state sector, in some of the state sector, in export markets. This has been dramatically shown in the past few months as exports have started to grow much faster than imports, responding to the squeeze on the domestic market. The machine tool industry, which consists mainly of motworks of closely cooperating works of closely cooperating small private companies, schieved a record trade surplus last year, up 27 per cent on the year before.

But a major weakness of Italian industry is the reletively small proportion of its exports that are accounted for by high toat are accounted for by high technology products. Despite the presence of Olivetti, Italy is relatively weak in the elec-tronics and telecommunications equipment fields. Part of this weakness is due to the lack of a strong educational tradition in high technology, and part of it to the past weaknesses of the state sector in this area. One solution is seen to lie in greater international cooperation: the atate-owned Itatel telecommunications equipment company is expected to sign an important cooperation agreement with the U.S. concern General Telephone and Electronics While Italy's only semi-conductor maker, SGS-ATES, is to be the first foreign company to make Toshiba circuits under integrated

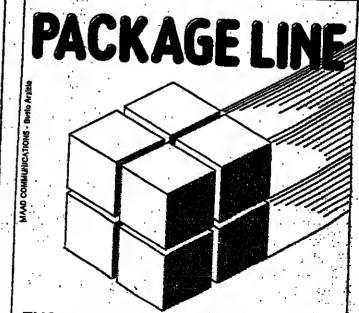
James Buxton



rirst stage of construction of a Pirelli Cinturate radial tyre, using a Pirelli machine



Headquarters of Alfa-Romeo. Talks are leing held over co-operation between Alfa and Fiat



EVOLUTION AND CONCEPTION OF ADVANCED TECHNOLOGIES

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The Range of a Commitment

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This achievement expresses the determination and energy of 120,000 people and of a productive structure which is made up of a cluster of societies operating in many sectors: oil, natural gas, chemicals, coal, nuclear energy, engineering, mechanics, textiles, and metallurgical minerals.

eri ha im sur nai

est Cri dor cha req pan stal

The ENI group thus provides an important

reference point in the industrial world and in key sectors of economic development.

But the ENI group has also an important voice in the much wider field of international collaboration and in the direct exchange between producing countries and market countries, with its policy of purposeful interchange and reasoned use for resources and

This, then, is the task that the ENI group has set itself for the 80s: "A large technology and work plan, an Italian commitment in the world, an active contribution in international collaboration".

BAgip BAgipPetroli BSnam BAgipNucleare BAgipCarbone BSamim BAnic Snamprogetti Saipem SNuovoPignone Savio Lanerossi Sofid SHydrocarbons Int. Ho.

under a thio disguise renamed the Argenta). Alongside these should be counted the highlypopular Panda ntility model, the Delta range of its Lancia subsidiary, and the yet-to-beunveiled "Tipo Uno" model, intended to replace the 127.

delivered 894,000 vehicles in Italy: a performance that belped muffle the impact of sluggish exports, and allowed the group to reclaim the title of European market leader. with 13.5 per cent of total

But the continuing growth the Italian domestic market also increased com-

eager to cash in on the one expanding major ontict in Europe. Imported marques increased their share of total deliveries last year to 41 per cent from 40 per cent in 1980, while the country's overall trade deficit in automotive products rose by almost 28 per cent to L2,582bn in 1981.

petition from foreign groups,

The process carried forward with such success by Fiat has bardly been embarked on so far by Alfa Romeo, the publicly-owned carmaker, whose problems today are perhaps propor-tionately even greater than those of Fiat two years ago. Both sales and ontput declined 5 per cent last year, and the overall deficit will exceed 1980's operating loss of L76bn—due entirely to Alfa's problem-plagued sonthern plant at Pomigliano near Naples, where the Alfasud range is manufactured.

undoubtedly, was its decision to lay off 23,000 workers in the autumn of 1980, a plan implemented only after the But Alfa is now starting to put its house in order. A third of its 42,000 workforce collapse of an unprecedented five-week strike at its plants. That move signalled Fiat's may be laid off this year, to lift productivity. Its some-what elderly model range is due for an overhaul in the intention of correcting its woeful productivity record. and since then output per man has risen 20 per cent, to next two or three years, and a controversial joint venture bring the group more or less back to the European average. with Nissan of Japan in Southern Italy could lift its overall production to 300,000 vehicles annually when Alfa-Nissans roll off the assembly The strategy has been sup-plemented by a new emphasis lines in 1985 at the planned on quality and a conscious effort to improve finish. The

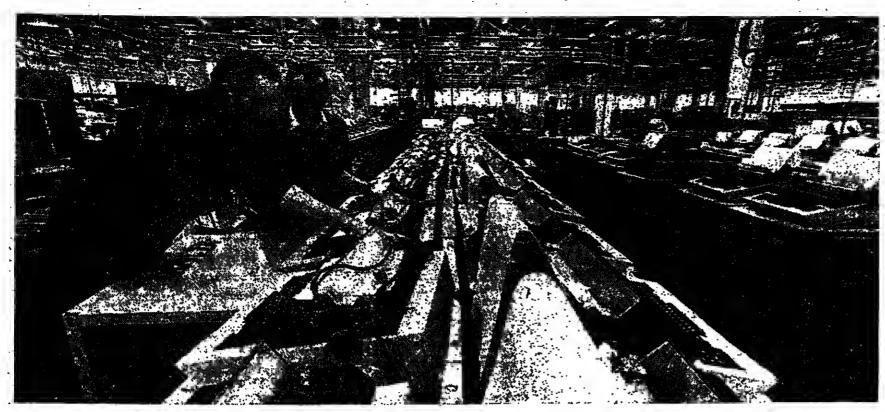
rate of 60.000 a year. But perhaps the most striking evidence of the new wind coursing through the Italian car industry is provided by the smallest independent manufacturer, the group headed by Argentinaborn Sig Alejandro de Tomaso and embracing not just Innocenti but that aristocrat of the industry fallen on bard times, Maserati. Innocenti's own fortunes have deteriorated. and its share of the domestic Italian market declined to barely 1 per cent in 1981

from 1.7 per cent in 1980. But for Italian car enthusiasts, there is no doubt about the most keenly-awaited event of this year: the launch of the new Maserati two-litre Biturbo, whose L20m price tag will make one of the industry's glamorous marques accessible to a much wider public. Maserati's own sales as a consequence are expected to more than triple this year,

Rupert Cornwell

to pages,

ITALY VII



 The company is Europe's biggest manufacturer in the combined fields of data processing and office equipment Olivetti's Scarmagno plant, near Turin.

Weakness in telecommunications

AMONG THE worrying trends market bas hitherto heen much in Italian exports is the relasimaller than those of, for tively low share of high technology products; it is said to be Germany. The boom is expected only about one-sixth of the total. One aspect of this is the relatively small size of the Italian electronics and telecommunications sectors.

A major exception has to be made for Olivetti, which is the biggest Enropean manufacturer in the combined fields of data processing and office equipment, and the sixth biggest in the world. But, in addition to having more than a third of its production ontside Italy, Olivetti stands almost alone within the country.

Optimism

Similarly, in telecommunications, Italy has no large manufacturing companies of particudar international prominence, and its weak domestic tele-communications industry is still being restructured. There rather more opti-

to take place in Italy in the 1980s that occurred in the 1970s in those countries.

The telecommunications industry, which is dominated by the state, has suffered from poor direction and lack of state funding, and hoth sectors have been affected by the shortage of Government finance for research.

In the data processing field, Olivetti's strength is in small business computers and distri-buted data processing, especially the automation of banking.

Olivetti has now returned to the mainframe computer business by setting up a company which markets such machines under licence from Hitachi of Japan and IPL of the U.S. Electronic equipment

gradually hecoming Olivetti's main product, as office mers; and machinery becomes increasingly automated. The Italian company was the first to introduce the mism about this now.

The data processing equip was the first to introduce the ment industry is relatively electronic typewriter, which is small, partly because the Italian soon expected to make the

electro-mechanical model re-dundant, and this development thanks to capital injections and points to the proximity of the higher charges. This has meant. all-electronic office—an amalgam of computers, office machinery and telecommunications. To develop its position in this sector, Olivetti signed an agreement last November with the

Telecom, to manufacture voice and data PABXs under licence in Italy. Most of the Italian telecommunications industry is the responsibility of STET, the state bolding company, which is part of the IRI group. Its problems have heen threefold:

Financial—caused by under-capitalisation and years of low telephone tariffs charged by SIP, the main telephone concern

which is its subsidiary;
Structural — STET groups the main manufacturing concerns as well as SIP and its associates, their chief custo-

Technological - how to select the type of electronic

In the past year the finances

exchange for the

higher charges. This has meant that unders are beginning to flow again to the manufacturing concerns, though STET's finances are still poor.

Most of the restructuring of the industry is still under dis-Canadian concern, Northern agreement was made last year between Italtel. STET's main equipment subsidiary, and Fiat's successful telecommunications subsidiary, Telettra.

More hopes are now heing pinned on the technology aspect. Italtel has decided in principle to go ahead with a co-operation agreement with General Telephone and Electronics (GTE) of the U.S. The deal, which is ex-pected to be finalised shortly, will concentrate on the development and marketing of a new electronic exchange, called Proteo, which Italtel has been working on for 10 years.

GTE will contribute further tn the development of the Proteo, and assist with sales abroad. The Italians chose GTE after seriously considering collaboration with the Swedish

company Ericsson. This was finally rejected on the grounds that it would have given Italtel too modest a part in the development of technology that was, anyway, considered less

The decision on GTE should make the way clearer for restoring productivity in the over-expanded Italtel plants (the company is a heavy loss maker), and for making further changes in the way the industry is organised.

Italy's intention for the past two years has been in force into being a co-ordinated, statedominated telecommunications industry for the 1980s, which would be as effective in export markets as in modernising the Italian telephone system.

That objective seems a little nearer to realisation, but it has taken a long time to get this far, and the Italian state system contains many potential snags. If the design fails, Italy's longer term outlook in this aspect of high technology looks

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TiOpening sective





The Tornado, the Anglo-German-Italian combat aircraft. Deliveries began last year

Big projects bring era for aeros pace

Lack of major traditional export markets, a low level of projects. public financing and a small air force hudget have prevented the industry, the fourth higgest in Europe, from reaching the size while the small companies will and sophistication of the three major producers — the UK, France and West Germany. The nearest Italy has hitherto come to developing hig projects has been in sub-contracting and

licensee production.

But in the past two years big changes have occurred. Aeritalia, the leading aerospace company in the State-owned already attracted over 170 orders and 130 options.

Deliveries

Deliveries of the Tornado, the Anglo-German-Italian multi-role combat aircraft, also hegan during the year. The three-member consortium has developed are of the ment conhice. member consortium has developed one of the most sophisticated military aircraft in production today, and more than any other project the Tornado has demonstrated that the Italian company can now participate from acratch as a partner with Europe's leading companies.

Also significant is the colla-boration between Fiat Aviazione and America's Pratt and Whit-ney on the PW-2037 turbo-fan engine which will power the Boeing 757 as an alternative to the Rolls-Royce RB-211-535. The company also works with Rolls-Royce and MTU on the RB-199 engine for the Tornado.

Last year Aeritalia and Aero-

A NEW era is beginning for commuter or "regional trans- Regarding finance, a law giv-the Italian aerospace industry. port" aircraft on which each ing aerospace companies access

The leading companies in specialise. But the two problems of inadequate public finance and lack of planning and co-ordination still hamper the aerospace industry. Only the second appears to he on its way to being solved.

If not exactly a plan then at least a series of broad dividing lines were imposed last summer recompany in the State-Owner RI group, is a partner with Boeing—with a 15 per cent stake—in the Boeing 767, which flew for the first time last summer. Aeritalia has spent summer. Aeritalia has spent L250hn on the 767, which has shown interest in taking over some other companies. The some other companies. The Minister ruled on which could buy what, and also directed Aeritalia to hand over two companies to Agusta. The idea was to determine the directions in which the two groups could develop and to reduce competi-

tion between them. Aeritalia will interest itself in medium and large transport and military aircraft and in space operations (it seems possible that it may acquire a share in Selenis, an Iri-control-led electronics group in the future), while the Agusta group will specialise in helicopters and

will specialise in helicopters and equipment and smaller aircraft. The division is far from perfect, however, and the Aeritalia take-over of Partenavia, a former private company which huilds the successful P-68 light twin-jet, was difficult to swallow at Siai Marchetti, the Agusta fredwing aircraft so hidday. fixed-wing aircraft sohsidiary will need Partenavia had also planned a 10 per larger P-78, which some see as averaged spatiale of France decided to a potential compelltor of the go ahead jointly in producing Sial S-600, but this is now get-the ATR-42 airliner, a 40-50-seat ting low priority.

was previously running separate to a fund for industrial development is slowly working its way through the buresucracy, but meanwhile the fund itself needs refinancing, a hy no means certain prospect.

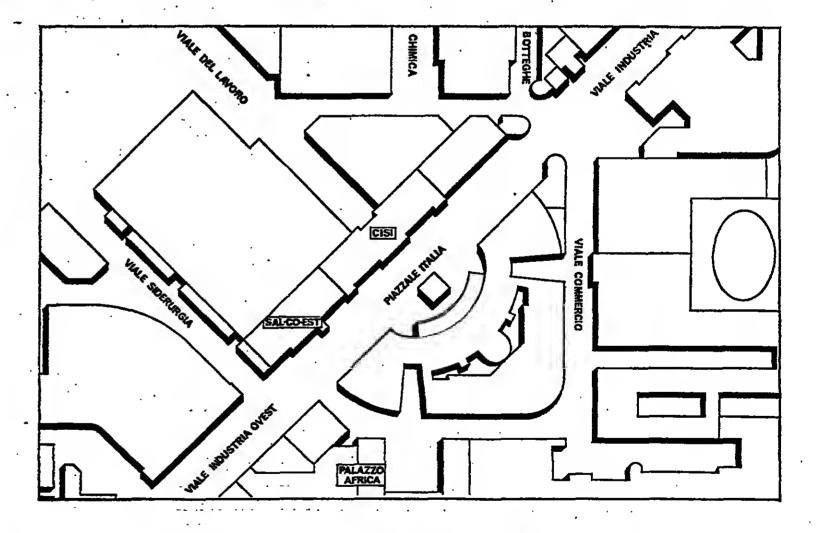
There is also some tensionbetween Siai Marchetti and the private concern Aermacchi, over claims that the Macchi MB-339 jet trainer, now being delievered to the Italian air force is a direct competitor of the more reently developed S-211 jet trainer built by Siai Marchetti. Agusta denies that they are direct competitors. Aermacchi also works on the AMX light attack project with Aeritalia and the Brazilian company Embraer.

Participate

Preliminary results suggest that the industry has come through 1981 rather well. The first deliveries of Tornados have helped double Aeritalia's turnover, which is up to around L550bo, and the company hopes to make a profit in 1982. New orders taken in 1981 amounted to L650bn, and 70 per cent of production is for export. Agusta's turnover should be up some 10 per cent to around L500hn, with orders, mainly for export, adding up to L430hn last July. Fiat Aviazione is expected to announce an inrease in sales of 30 per cent

to L190hn. An increase in financial back ing for the industry is essential if the ATR-42 regional airliner and the projected Agusta-West land EH-101 helicopter are to get off the ground. Research development expenditure will need to rise heyond the 10 per cent of turnover averaged during the last five

Nick Brough



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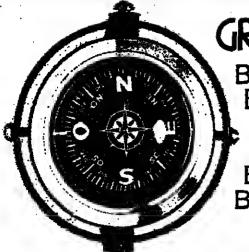
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have come as well. A L6,000hn plan to put the debt-ridden steel industry on its feet has heen approved by the Govern-U.S.A. CORPORATION 1801 Century Park Plaza Los Angeles, California Telephone: (213) 2030253 Telex: 696367 TRAFIM WEST LSA ment. Long-overdne collabora-tion hetween the public and

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Gianni de Michelis: bringing home the truth

Socialist leader of a quiet revolution

"STATE INDUSTRY in Italy must start all over again. We have got to show the world that our public sector companies are reliable, and not just in the business of pat-ronage and government handouts. This country just cannot afford any more a system

which is losing L4,000bn (£1.75bn) a year."

This was how Sig Glannl de Michelis, Minister of State shareholdings, recently described the principles underly. cribed the principles underly-ing the quiet revolution now under way in Italy's public sector industry—and one of which be, more than any other single individual, is the

For the first time in more than a decade, a serious attempt is in progress to restore Italy's hig three pnblic sector corporations IRI, ENI, and EFIM, to their former glories. In the early stages of Italy's post-war industrial takeoff, they seemed a perfect formula for growth, combining the resources of the state with the dynamism of private enterprise. But now, as Sig de Michelis says, they merely eat np those resonrces at prodigious speed.

The 41-year-old Socialist from Venice has been in the joh just two years, since April 1980, when his party returned to government after a six-year absence. He is unusual in that he combines a real concern for iodustry and an executive drive rare in Italian polities, with an ambition and taste for intrigue that are nothing but that.

The latter attributes have heen visible in the frequent friction with top state sector executives, and in his open campaign to get rid of Sig Alberto Grandi, a Christian Democrat, from the belm of ENL The energy concerns president will he nitimately replaced, in all probability, by a Socialist as part of a sweeping overhaul of its top

management structure. Bot the other side of de Michelis has also been in evidence, and never more so than his drive to bring bome the truth about the mess of the poblic sector where that truth would hurt most: on the shopfloor.

It required not just determination but also courage. First at the problem-plagued Alfasud plant near Naples then at the lossmaking Breds steelworks in the "red helt" on Milan's northern perimeter. Sig de Michelis read the riot act. But more concrete results

private sectors (mainly in the person of Fiat) is at last under way in steel, telecommunications, energy and cars. ENI's deal with Occidental has been the biggest thus far. but foreign partners are also to be brought in soon to give new impetus to the telecommunications industry. Montedison, the alling chemical group, has also been fully returned to the private sector.

All these achievements owe

much, if not everything, to

Sig de Michelis.

With his round face lank dark hair and tinted glasses, he has become a familiar figure on TV screens and the newspaper front pages. Hla background is in iodnstrial chemistry, but since be threw himself into politics his ascent bas been swift, and today bis domination of the socialist party in the Vento region is complete.

Sig de Michelis had long heen on the left of the party. However, bis move beblind the present leader, Sig Bettino Craxi. was vital for the latter's triumph over the Left wing to gain foll control of the PSI in 1980.

A vital ministry, strategi-cally placed where industry and politics overlap, was in part a recognition of his importance. Today it is importance. Today it is reckoned that Sig de Michells is one of the few people of real infinence in the narty who owes few dehts to Sig Craxi. What he intends to do with that independence is one of the more fascinating questions

of Italian politics.

Steel sector pins hopes on merger

A MARRIAGE between public and generally technologically and private steel producers and advanced Teksid and the sprawl- a huge weeding gift in governing and inefficient-Finsider money have here above. major innovations in the Italian steel industry's attempt to recover from the recession dol-drums. The announcement that Fiat's Teksid and the state steel company Finsider would jointly produce special steels and tubing was viewed with scepticism last autumn—a weil-grounded fear since accord has only been detailed this month.

Both Teksid, which lost \$51m in 1980 and reported an even heavier loss fur 1981, and Finheavier loss for 1904, and Fife sider, which lost nearly \$1.7bn, have long felt the need to shore up production in special steels, a sector where the highest profits are to be made but where foreign imports have the beaviest impact.

The merger will create one mixed participation rolled plate company (80 per cent Finsider, 20 per cent Teksid), one special steels company (51 per cent Finsider 49 per cent Teksid) as well as the cession of two small stainless steel companies to Teksid. Finsider reportedly has guaranteed L200-400hn in financing for the new venture as well as an assurance of metal parts for Fiat Auto.

The Government's gift for what one Minister described as "a complete re-ordering of the steel sector," consists of L8,568hn for Finsider over the next three years, including L4,000hn in Government-guaranteed loans, the rest in out-

ment money have been the two Illustrate the woes that hove of Italian steel industry. Teksid saw its steel sales drop over 7 per cent from their \$1.68bn level of 1981, in part due to the slumping car market. While things have been bad at Teksid. Finsider again teeters on the brink of disaster. Losses for 1981, which seem to change with every new Parliamentary inquiry, have been estimated at \$1.7bn. While the company's executives like to point out that

executives like to point out that turnover increased by 7 per cent (to nearly L11,000hn), the figure looks less impressive considering it is primarily due to a buge boost in tube piping sales (Dal-mine) and the country's 20.5 per cent inflation rate in 1981.

> Output down According to Assider, the association of Italian steel manufacturers, steel production dropped 6.8 per cent in Italy. In particular the electric arc furnace producers of Brescia, usually small hut profitable firms, had to trim production by an average 10-14 per cent because massive increases in elec-trical tariffs.

Italian steel consumption dropped from 25.7m tonnes in 1980 to 21.7m tonnes. Yet the major nightmare of Italian steel manufacturers, a continued galloping increase in steel imports failed to materialise. Imports of foreign steel dropped over 30 ight credits.

per cent from 8.7m tounes in The operations of the private 1980 to 6m tonnes last year,

tonnes to 10.7m. A good deal of the incres in Italian exports came through equally affected the both sides a surge in demand for partial of Italian steel industry. Teksid com industry equipment, particularly steel sales drop over 7 ticularly special steels and per cent from their \$1.68bn seamless tubing. Daimine, in contrast to the trend apparent in almost every other of Einsider's operating companies en-

sider's operating companies enjoyed a boom year in 1981, thanks to a \$600m sale of 120,000 tomes of seamless sized tubing (over five years) to the U.S. Steel group.

Daimine recorded its first profits in four years, jumping L113.6bn into the black after 1980 lesses of 1.84.5bn. Throover soured by 78.7 per cent to L1,1600m, with 71.5 per cent of all manufacture for expect. all manufacture for export.

all manufacture for expert.

Manufacture of tubing rose
17.4 per cent to over lie toppes.
The abundance of new rose equals and beliance to recognized to list.

Itself, raising its equity from 162.6bn to 11378.7bn.

There is still some doubt

whether the Teksid Finalder whether the Tensia Finance; pact or further massive govern-ment aid or the boom in petrol-eum industry sales will be enough to end the deep set woes of the Hallan steel indus-try. Assider warned at the end of 1981 that the proposed 40 per cent-plus price increases sug-gested by Eurofer would not be enough for the Italian steel in-dustry if they were accom-panied by another round of mandatory production cuts. If so, 1982 might not prove to be the period of great recovery

Al Troner



The Italsider plant at Bagnoli, near Naples, one of Italy's oldest steel works, is: being modernised as part of an overall \$6bn plan to revitalise the sector which was approved by the Government last October

Chemicals wait for the government formula

FOR THE Italian chemical the targets for Montedison as ture using SIR's under utilized industry, the past months have it leaves base chemical productions capacity. seen the major companies waiting for Godot. The sector's massive reorganisation and refinancing into public and private roles has yet to emerge from the planners' desks."

While the private chemical giant Montedison and stateowned company ANIC hoth have progressed towards the eventual division of the sector, the sloth of the government has left chemicals largely in limbo. as they try to recover from the severe downturn of 1980. Aschimici, the association of

Italian chemical manufacturers, reported that despite a slight recovery in the third quarter of 1981, the industry as a whole cootracted 3 per cent for the year compared with 1980. Not surprisingly, it was the primary chemicals sector that proved most sluggish, with production dipping 9 per cent over 1981, while secondary chemicals de-clined only 0.8 per cent. Even fine chemicals and special products gave uneven results --colourants showed production Increases, while paints and home chemicals dropped hack

notably. Yet Aschimici predicted that econdary chemicals which increased production 14 per cent over the disastrous previous year would continue ahove industry average growth. And this essentially explains the strategy behind Montedison's plans for revival in the 1980s.

The company hopes to reduce its primary chemical production to as little as 80 per cent of its total turnover by 1985. Secondary and fine chemicals, Rupert Cornwell and pharmaceuticals, will be particularly ethylene manufac-

tion to Anic, the chemicals arm of the state hydro-carbon corporation ENL

A pointer to the future is the performance of the gronp's pharmaceutical manufacturer. Farmitalia Erba, which in 1981 reported a profit of L40bn (£17m) on a turnover of slightly under L400hn. Despite price controls on pharmaceuticals. Erba has proved to be one of the most consistently profitable clements in the Montedison

Changed emphasis

For Montedison, the changed emphasis did not come a moment too soon. While turnover lo 1981 rose to L8,326bo from L7,278bn the year before. losses are rumoured to approach L650bn. The group's two-year L640bn recapitalisation will he cancelled if losses reach such levels, despite Montedison's new-found interest in concentrating solely on the chemical industry. The group's percent-age of deht servicing charges in proportion to turnover remained a high 9 per cent in

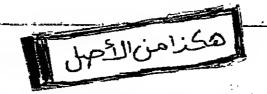
Yet Montedison has not baen the only company with difficulties. Anic, burdened by the inlegration of bankrupt companies SIR (Societa Italiana Resine) and Liquichimica, has been attempting to work out how base chemicals production will proceed throughout the decada under Governmentsponsored reorganisation. ENI's agreement with Occidental Petroleum included revamping

Montedison may ceds its interests in the sector but its asking price has been rumoured to he L500bu perbaps too much for the new joint venture company, Enoxy. to consider seriously. Energy had planned to win an 8-10. per cent share of the European ethylene market within its first year, as ethylene production is booated from the present 30 per eent of SIR's capacity to per cent (900,000 metric

Exactly how badly ANIC fared in 1981 remains a mystery. Losses from the incorporation of Liquichimica ran to L840bn in 1980 and decreased to Laioba last year. ANIC proper lost more than Li20hn last year, down from its losses of Li30hn hut still heavy. Turnover. increased by 13 per cent for the group to reach an estimated

The chemical industry as a whole accepts that it is overmanned and underproductive. ENI hopes to slim its labour force by losing at least 8,000 at SIR alone, while the Italian Confederation of Chemical Workers (FULC) estimates that as many as 13,000 posts will disappear in 1983.

Despite all these changes within the sector, the keyremains the Government's reorganisation plan. Political infighting and union pressured keep delaying the day of judg-ment but can the industry afford to wait for its salvation?



pins

ITALY IX

The ordinary Italian's hope of prosperity is reflected in these profiles of two of the principal cities.

Naples: verve and resilience

AS BLESSINGS in disguise go an earthquake comes in pretty heavy disguise. But for Naples the earthquake which came that Sunday evening in late November 1980 is turning ont ta be a catalyst of change—and not all for the worse.

True, this southern city remains the quintessence of Italy, a magnifying glass for the virtues and especially the vices of the entire country. Gang warfare has reached fresh heights, the unemployment rate well into double figures—runs high above the national average; poverty and squalor are more visible than ever in a city which should than ever in a city which should bold no more than 1m people hut into which 1.3m are

The place remains as baffling as ever, its greatest asset its inhabitants, with their verve, resilience and theatricality. Naples is everything and tha opposite of everything at the same time. The murder rate is running at over 30 a month and the comparatively innocuous cigarette smuggling has long been joined by far more sinister traffic in arms and drugs. Paradoxically, though, the word most to be heard these days is revival, even though a local political crisis now seems likely to be grafted on to the other

endemic the of the city.
"Yes, the worst is over,"
says Sig Maurizio Valenzi, the city's 72-year-old Communist mayor. "Things are still very serious and there are many uncertainties. But you can see a new will, the psychological atmosphere has improved."

Balance

In fact the earthquake cost Naples relatively little in terms of blood - only 52 lives were lost there out of a total of over 2,700 victims in the area afflicted. But it destroyed the afflicted. But it destroyed the already fragile balance of the city. The celebrated "economia del vicolo," or the Economy of the back-alley, was thrown into disarray. The disorder of the place — above all its external traffic lams—if possible grew warse. Even the intellectual warbinnity, seemed to has trait community seemed to lose faith. The city was coming apart—and in Valenzi's words, action could be put off no

15,000 Neapolitans were classi- insatiably after the rest. Sig Carlo Malatesia; en quake quadrupled that number as the shock waves destroyed project, was shot and wounded buildings which had not been after he had brushed off underparticularly robust anyway. Schools buses botels, ships, even cargo containers were taken over as emergency lodg-

private became a nightmare as 200 streets in tha cramped centre were shut off as unsafa. In the months that followed only a small dent was made in these numbers.

The first real step towards reconstruction came in May 1981, with the approval of a law entitling Naples to build 20,000 new homes, two-thirds inside the city and the remainder on its outskirts. With an efficiency few believed possible, the city administration, supported by Sig Giuseppe Zamberletti, the special commissioner sent in by Rome, set the wheels in motion.

A dozen sites scattered around the city's existing peri-meter were chosen and 700 construction companies from all over Italy were invited to coma and tender. They in turn formed themselves into 12 groupings, one per site. Agree-ment took just a fortnight. Some projects are already pre-pared in detail, others are close

to being so.

Last November work began on the first site, in Via Stadera, where 16 months ago a block of flats collapsed with the earthquake, killing two people. The whole programme, for which L1,500hn (£638m) has been allocated, should be complete in two or three years. Rome has already made over L450bn; the rest is scheduled to be raised by an international loan. On top of this programme is another for the repair of existing buildings. There is L300bn (£128m) available but another L500bn (£213m) is required if the 8,000 applications already authorised are to be dealt with.

That indeed is the first of the three main uncertainties banging over reconstruction. Many fear that as consciousness of Naples' needs diminshes the money will arrive more and more slowly. A programme designed to give a real facelift to the city is likely to prove in the end yet another botched job:

The second is much closer to hand, what Mayor Valenzi calls the "unprecedented" offensive of the Camorra, or underworld, as it seeks its slice of this very large money cake. Much of the local building industry is in the hands of this Neapolitan equivalent of the Mafia but they are

Sig Carlo Malatesta; engineer in charge of the Via Stadera world threats. At a lower level street gangs have been demanding L20,000 (£9) a month protection money from families still housed in con-



Fish stall in the poor quarter of Naples. The earthquake in the region resulted in a programme to give the city a facelift but there are uncertainties over the reconstruction plans

tainers. In the background there is the war between the gangs themselves. Last year the death total was 237; by the middle of this month it bad reached 78, with a record of eight in a single

Tough

What is to be done? The most encouraging developments from Naples' point of view are the arrivals of a tough new police chief and a highly effi-cient Prefect (for the first time in many years), Sig Riccardo Boccia. The city administration is pressing for more police and an extension of the emergency anti-Mafia laws to Naples and the Campania region. Sig Rino Formica, the Finance Minister, has for his part ordered checks on the tax returns of 3,000 gang-land figures — mindful, perhaps, that it was tax evasion, not murder, which put Al Capone into Alcatraz.

But there is much to do and the whiff of political protection and intimidation is still in the air. A fortnight ago Sig Raffaele Cutolo, acknowledged boss of the "Nuova Camorra Organiz-zata" saw a 10-year sentence halved on appeal, in dubious circumstances. Cutolo is also a prominent figure in a new scandal which is directly related to the third uncertainty over-banging Naples — the risk of complete political paralysis. As it is the city is ungovern-

able by any of the formulas tried nationally - except that of a direct alliance hetween Christian Democrats and the Communists who replaced them in power locally in 1975. Now. however, the administration of Sig Valenzi is threatened by a withdrawal of Christian Democrat support. The reason is a furious row over Communist. charges that Cutolo was used as

a mediator by the Christian Democrats for the ransom payment to release a local politi cian from the bands of the Red Brigades terrorists last year. The fall of Valenzi seems likely — and early elections, that would again bring everything to a grinding halt, a distinct possi-

The optimists believe that des-pite these perils the mood has changed. They point in particular to the reform introduced by Sig Boccia revolutionising the city's traffic. It bas cost nothing, offers no possibilities for the Camorra and above all bas allowed the city to breathe again. Culturally too the city seems to be getting back on its

Naples has always been an intellectual mainspring of the country (Benedetto Croce, taly's greatest philosopher, came from there). But the earth-quake seemed to paralyse every-thing. Now Neapolitan theatre and opera are showing signs of new vitality. There are even signs that foreign tourists, scared off hy the tales of dis-comfort and disaster, are gingerly starting to return.

But bow long will all this last? Throughout its history the city has always embodied the extraordinary Italian ability to survive. The corollary though is that Naples now is too set in the ways of centuries to carry through the root-and-branch changes which Sig Francesco association, believes alone can make revival permanent. "The Neapolitans are quick to become enthusiastic but equally quickly to the expectations," he warns. It has to be recorded that be may be right this time too. Rupert Cornwell

Italian Genius

In 1813, the proprietor of the local store at Le Roncole in the province of Parma celebrated the birth of a son. A few vears later he was to notice the little boy's devotion to music and engage the local organist to teach him. The child was Giuseppe Verdi. And his father's action was to set him on a path for which the world would pronounce him a genius.

Yet it was more than an ability to compose music that earned Verdi his fame. It was equally his meticulous attention to dramatic detail-to the extent that for the first production of his opera "Macbeth" he personally requested that the role of Lady Macbeth be filled by "a singer who did not sing but spoke words and understood their significance."

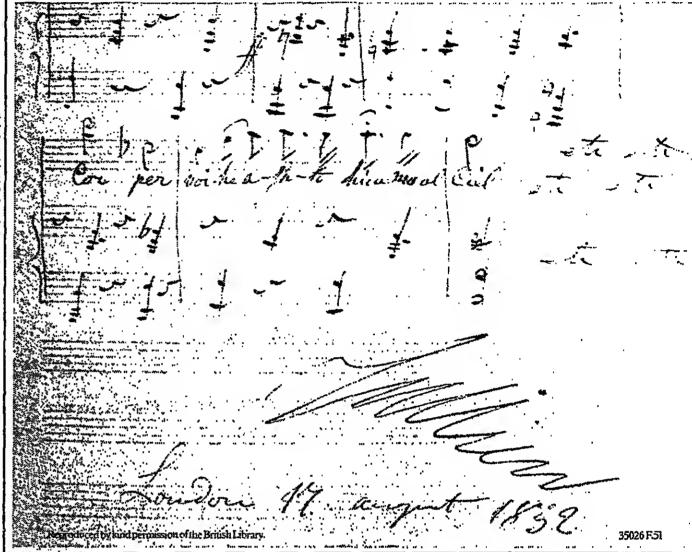
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national

FEW MAJOR cities in Italy feel as remote as Genoa. Because it occupies almost every avail-able square inch of building land at the foot of barren and forbidding mountains its orientation is naturally towards the Mediterranean and foreign parts rather than to its hinterland. Genoese are reserved and self-contained like islanders and remarkably uniluted by infusions from outside. Yet Genoa is vital to the rest.

of lindy, being the country's leading port and forming along with Milan and Turin, the third leg of the country's original triangle. Tunnels and passes adequately link Genoa by road and raid to the main area its serves, the platus of Piedmont and Lombardy, so it ought to be in the happy position of being indispensable to, but aloof from, the rest of the country.

In practice, however, it suffers more than its fair share of the bad things of Italy and its dependence on Rome is not its dependence on Rome is not matched by any great influence there. Nearly a third of its labour force is employed by State-owned industries, almost all in declining sectors like steel and shipbuilding. The port is in difficulties for reasons which many Genoese antibute to an excess of the welfare state mentions of the welfare state mentions of the welfare state mentality at the featherhedded malised concerns next door.

Private industry exists but not on the scale or with the dynamism of the newly industrialised areas of northern Italy like the Veneto or Emilia Romgama. One reason is the province of president graces for Roingama. One reason is the sbortage of physical space for expansion; in either Genoa or the coastal region of Ligaria of which it is the centre. There are very nich families, operating, discreetly and obviously prospering, as the cascale of luxurious villas on the hillsides show, the city testify. But above the city testify. But according to a leading Commu-mist politician in the city, which is run by a Socialist Cor coalition: "Genoa is declining for lack of entrepreneurs," (he added: "When we have Socia-

essential in Italy, for despite successive layers of local government from region down to commune the independence to commune the independence of them all is negated by their dependence on Rome for most of their income. When the Minister of Trans-

port recently decided to delay yet again a project to replace the primitive prefabs that are Genoe's airport terminal building, one city newspaper ruefully printed a list of all the Government Ministers and their places of origin. Genoa could only produce one junior Minister.

Prosperous

Yet some of the grumbling of the 800,000 Genoese is based more on disappointment at opportunities lost than at actual decline. The city is visibly prosperous, if more discreetly so than the wealthy parts of Milan, and in many respects its economy performed better last year than the average for the country. Electricity consump-tion in Liguria rose 2 per cent last year when consumption in taly fell by 0.7 per cent. Layoffs were fewer, employment was up and the number of people looking for jobs down. The figures for the number of telephones and colour televisions per head are far above the

unlike, for example, Turin, which is dominated by the Fiat motor giant—but tha port is still its heart, and the main source of pessimism. Last year traffic fell 7 per cent and the port made a loss of L15hn. Total freight handled, excluding Gianni de Michelis, has been pure including all other bulk cargoes. including all other bulk cargoes, examples of restrictive labour totalled 15m tonnes last year, of which dry cargo accounted for 6.7m tonnes, down nearly 4 per state concerns, Ansaldo and cent. Most of this fall could litalimplanti. Ansaldo, part of be accounted for by the recessible concerns and order to the Finneccanica group, is sion, were there not evidence involved in heavy engineering

added: "When we have Sociation there will not be any need for them.")

The city reakly lacks two charges Genoa is said to be the things at the moment: a single figure—a mayor or other political leader—who could marshall there is a spot of rain, and there tion of new power stations in the competing interests of the

as at La Spezia and Savona, and there are horror stories of Genoese manufacturers importing goods via the ports of Marseilles or even Rotterdam. If Genoese concerns are spurning their own port, what about Italian companies elsewhere?

The reasons for the weaknesses of the port are depress-ingly familiar to anyone familiar with the problems of the older British ports entrenched re-strictive practices and a convoluted management structure, overlaid by political problems (there is a long-standing row over whether tha next chairman of the port consortium should be another Socialist or a Christian Democrat. Mean-Christian Democrat. while there is no one to press the central government to provide the finance for a new con-tainer terminal at Voltri, a little way to the west, which is badly needed if Genoa is to be able to handle large quantities of containers efficiently. The current situation does not suggest to anyone that a revolution in attitudes is just round the corner.

The shipbuilding sector, which at Genoa is mainly in the hands of the state-owned Cantieri Navali Riuniti, shows little sign of recovery, in common with most other European shiphuild-ing concerns. There is some national average.

The economy of Genoa is based on more than one pillar—unlike, for example, Turin, owned Ralsider group, which

different groups, and an influential Genoese at the national deployed. The port has prolevel to fight for the city's gressively lost business to rising
interests. Such a lobbyist is neighbouring installations such

Italimpianti, which comes
under Finsider, Italsiders under Finsider, Italsiders parent, is in plant engineering and has been winning some

impressive export orders in the past year, including one for the supply of a special furnace to United States Steel, a group not normally known for favouring European competition. The energies of the private

sector have recently been con centrated on property development, with two very large schemes being proposed. One, involving among others the Costa family (which made its original fortune in shipping), is for a large commercial and office development near the old port, overshadowing the light-house which is one of Genoa's landmarks. The other is for a development near the centre of the city which would include Genoa's first large hotel and a new city theatre—ending more than three decades of argument about how to replace a building that was destroyed in World War II. The two projects are proudly described as the essential components of the Genoa of the year 2000.

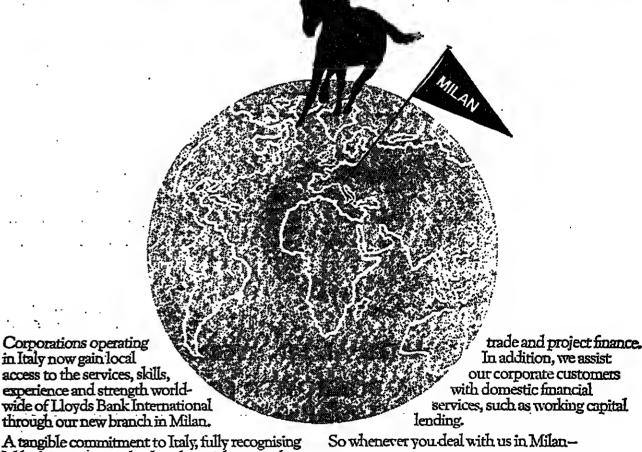
Ventures

Both projects are, perhaps appropriately, by nature re-development, reflecting the fact that Genoa's geographical position leaves little room for completely new ventures. Nor, by an accident of history, are there at present the people to push through such things.

The Costa family is now run on somewhat collegiate lines. A decade ago tha then head of it, the late Sig Angelo Costa, was one of the two or three most powerful men in the city. He ranked alongside Cardinal Arch-bishop Siri, a man of great influence in Italy and associated with the Christian Democrat Party. The cardinal is now over 75 and his political in-fluence is said to be diminished. though he may have had something to do with the Pope's recent condemnation of the Ligurians for their very high rate of illegitimate births and abortions and their bad church attendance record.

James Buxton

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Heavy pressure on farmers' profits IT IS THE intention of Confa- has been considerable, but as gricoltura, the Italian farmers' Confagricoltura points out, the

Annon della Collina, or more pitious. prosaically The Year of the Hill. has in mind, to focus public and government attention on the problems of hillfarming.

That the issue should be tackled is not in doubt. Of Italy's total land surface, more than 40 per cent is classified as hilly, 38 per cent of the country's population lives there, and in terms of output, such terrain accounted for well over a third of Italy's total 1980 saleable farm production of L29.000bn (\$25.2hn). It is a sum equivalent to 8.6 per cent of total GDP. giving work to 13.3 per cent of the labour force.

Quite apart from its statistical importance, moreover, hillfarm-

ing is responsible for most of

the specific problems of Italy's agriculture: its low productivity, its still fragmented structure, and the fact that the country is only 80 per cent self-sufficient in food. Hillfarming has been the biggest victim in tha drift from countryside to the towns which marked the quarter century after the 1939-45 world war. Since the 1950s some 5m

association, that 1982 will be the moment for a campaign is pro-

New industrial jobs are dry-The organisation, which claims lng up, and as the latest census a membership of 250,000 self- shows, people are drifting away employed farmers, tenant far- from the cities, at least in the mers and share-croppers, has yet north—the mecca of the 1950s to make clear exactly what it and 1960s. Moreover, the enormous increase in prosperity in the last three decades has led to a sharp increase in the purchase of second homes-mainly in these hilly areas. The question is, how to blend this spon-taneous movement into an overall co-ordinated strategy to give new impetus to hill farming, and in a country where so much authority has been devolved away from the centre.

The scale of the problem is illustrated by preliminary returns for last year. According to INEA, the national institute agricultural economy, farm output in real terms dropped by 2 per cent in 1981, after a gain of aimilar size in the previous year. This reflects various factors: deliberate choices on the part of farmers to cut back on certain crops, a balt to expansion of livestock production. a drop in investments and a decline in the overall work-

force.

The central reason, however, is undoubtedly economic: that after the 1939-45 world war.

Since the 1950s some 5m less profitable. INEA calculates people have left agriculture, most of them from the unprofitable uplands where subsistence wholesale prices of agricultural farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming was the norm rather products climbed farming the content of the norm rather products climbed farming the content of the norm rather products climbed farming the content of the norm rather products climbed farming the content of the norm prices last people increases in farm prices last people have left agriculture, the norm rather products climbed farming the norm rather products climbed far farming was the norm rather products climbed "only" 14 or than the exception. The damage in terms of land degradation of the "green" lira



Hillside cultivation in the mountains behind the Ligurian Riviera

a sharp switch in the previous trend. A study commissioned by unconomically small and ltaly and some other EEC under-mechanised, while organ-countries which was intended isation for quality control and

to show how Italian farmers had suffered particularly hadly in the Community, came up with exactly contrary findings. Between 1973-74 and 1981 Italian farmers saw their real incomes rise by 8 per cent, the figures indicated.

Among the old Nine, only the Netherlands and Belgium did (marginally) better. France, West Germany and Britain all saw their farmers' real incomes decline by over 20 per cent in the eight-year period. What the commission data does not reveal, however, are the regional disparities within Italy that they might conceal.

Only 23 per cent of the country is reckoned as plain-most of it in three places: the Po Valley in the north, the Pontinc Plain south of Rome. and parts of the Puglia region in the south-east, although Puglia is handicapped by severe Puglia is handicapped by severe irrigation problems in certain areas. The Po plain in particular possesses efficient high-productivity farming, strong in the northern European products such as cereals, dairy produce and sugar beet, which command high prices under the Common Agricultural Pollcy.

secured by the Rome Government in Brussels, and the purely Mediterranean produce—
increases in farm prices last citrus fruits, olive oil, wine,
tomatoes and so on. Not only is such produce far less kindly treated by the CAP, but the pro-

much

distribution, ahove all for export is mainly inadequate. Take, for instance, Italy's famous tomato industry south of Naples, the smallest holding for which mechanisation would be viable is 30 hectares. But 15 is on the large size for the area, and on current economics a fsmily can eke a living from one or two or three. No wonder growers in Florida or California

can produce tomatoes for 40 per cent of the cost around Salerno. Yet to rationalise the tomato industry — or for that matter almost any other agricultural activity of the Mezzogiorno— could eause a loss of jobs in an area already suffering from unemployment well above the national average of 9 per cent. Rationalisation would also pre-

duction of co-operatives (2 system far more in keeping with the traditions of the north) and changes in existing inheritance laws, which bulld fragmentation into the system.

Meanwhile, the consequences of the present shortcomings are there for all to see: the unsaleable summer surpluses of certain crops which are destroyed for want of a market, and—in a wider sense—Itale's chronic trade deficit in agricultural produce. It should be noted however that, thanks probably to the recession, this deficit shrank marginally in 1981 to L5.554bn from L5,866bn

in 1980. Rupert Cornwell

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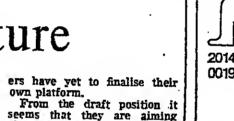
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above all at a cut in the workover contracts have now become entangled as both sides make ahly tensions between the various political parties are reflected in the relations between the "biz three," whose to regain on the other.
Yet a further complication is the government's latest scheme

for a reform of legislation on severance pay, which Confindustria has strongly criticised as representing a further unacceptable addition to its labour costs. As they did a year ago, the employers are now husily rattling the sabres of a possible unilaleral withdrawal from the 1975 scala mobile agreementin the event either that the liquidation scheme goes through, or that no "satisfac-tory" agreement on keeping tory" agreement on keeping labour costs down is achieved.

Publicly, the unions claim that the employers are indulg-ing in dangerous bluster, and indeed there is evidence of a split among the latter on the wisdom of breaking the indexation agreement before the deadline of June 30. Privately however, they are uneasy. Economic realities mean that some-thing soon will have to give and every sign suggests that it will not be the resolve of the man-agement. Nor is the outcome of the last showdown 18 months ago with Fiat, a very encourag-

Rupert Cornwell



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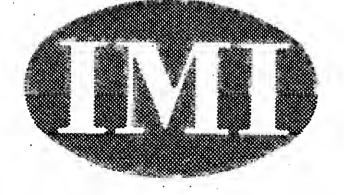
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a decade of triumphs is now staring inlo what promises to be a much bleaker, and more hostile, future. In a sense the lack of

unions, the CGIL, the CISL and the UIL hoast helwest them awkward dealings, both within about 9m members, or 40 per cent of the country's total workforce-reflects the confusion to he found at almost every level of national life, and nowhere more so than in politics. But the deeper reason is economic. and the changed pattern of industrial relations in Italy. To understan this, it is necessary to go back 13 years, to the celebrated "hot autumn" of 1969 which sounded the death the first post-way. knell of the first post-war Italian economic miracle.

Italy's largest trade union do no more than confirm what has long been obvious: that the

Italian lahour movement after

Those strikes ushered in a decade of constant gains by the unions, which ended with the average Italian worker being among the best protected in Europe. Job security was almost complete, while the Scala Mobile system of waga indexation, introduced following agreement between Sig Lama and Sig Giovanni Agnelli, Fiat chairman and the then head of the Confindustria Employers Association, ensured that pay more than kept pace with inflation.'

Emboldened by success, and buttressed by the steady electoral gains of the Communist Party (PCI) through most of the 1970s, the union leadership assumed an increasingly political role. Economic and social policy was not only presented to the unions for their approval, it was in good part made by them. Simultaneously, the existence of the Scala Mobile reduced the importance of pay bargaining, the basic function of the unions, and favoured the switch in emphasis to social and broader economic problems.

Setback

But in the last three years the process has come apart. The first setback was that of the Communists in the June 1979 elections. Then, as the economy struggled with ever greater difficulty to cope with the concessions made before, for the unions it became a question less of securing new advantages but of hanging on to the ones they had. In autumn of 1980 matters came to a head with the fiveweek strike at Fiat, over the Turin group's plans to lay off for 18 months 23,000 workers about a sixth of the workforcein its car division.

As the dispute dragged on, it turned into a showdown between labour on the one side and on a scheme to hold inflation to private industry, anxions to 16 per cent this year. The restore productivity and profits. unions, however, have failed so In the end, following the "march far to come up with a con-of the 40,000" through the vincing agreement of their own centre of the city, demanding just the right to work, tha dispute collapsed. Flat got what it wanted, and the unions still have not recovered from the

prisoners of the past," declared Sig Luciano Lama, "Today's difficulties mean we have got to have an open mind to what is new." Those words from the employers: in part in the wake ers have yet to finalise their of the Fiat affair, but more own platform.

market-oriented management ing week to 37½ hours from the are essential if the country is present 40-hour norm. But talks to adapt to the harsh economic on inflation and negotiations climate of the 1980s. A second is political. Inevit-

bleaker future

own political complexions are significantly different. Strains direction of the movement between Communists and whose three large confederated Socialists on the Left, for CGIL (although PCIdominated it has a sizeable Socialist minority) and between it and the UIL, smallest of the

three and which is aligned with the Socialists and other small 'lay" centrist parties.

Issues For all the efforts of the unions to insulate themselves

from purely political developments, their efforts have had only limited success. The consequence has been a severe dent in their once united front—and an embarrassing failure to agree on basic issues such as pay strategy and improvements in working conditions.

Indeed, the very political involvement of the unions bas led to a loss of contact with the rank and file on the shopfloor. Their failing in this area provides at least one of the explanations why far Left terrorism found Italy's northern factories such a fertile ground in the late 1970s. Another consequence has been the emergence of the "autonomous" unions, above all in the public sector and civil service, as rivals to the "big three" of the CGIL, CISL and UIL. The biggest of them, CISL, which claims more than 1m members, is little smaller than the UIL

Just as the unions moved into the vacuum left by the politicians, so the independent unions, concentrating on breadand-hutter issues like pay, of real concern to the ordinary worker, moved into the vacuum left by their official counterparts. Inevitably, the CGIL, CISL and UIL bave been forced, perhaps against their better overall judgment, to harden their own bargaining stances, to staunch the loss of support to the "autonomi."

The movement's leadership is thus caught in a vice from which there is no easy escape: on the one hand it must be lougher to satisfy the aspirations of its members but on the other it knows that the facts of economic life mean there is little chance of success.

The uncertainty and disunity lie behind the present hiatus in dealings with both government and employers. Ever since he came to office in June 1981, Sig Giovanni Spadolini, the Prime Minister, has been bravely attempting to secure agreement with both unions and employers on the subject.

The confusion has spread to the important three-year wage contracts coming up for renego-tiation this year, including the pace-setting deal for the coun-There are broadly three try's 1.5m metal and engineer-try. One is the much tougher months into the new contract's attitude adopted by Italy's theoretical life, the metalwork-

A Future for Railway Transport In the opinion of many historians of oconomics the post-war reconstruction represented a great missed opportunity" for our aconomic and industrial system. Actually, starting from zero we had the chance to affect a more rational planning of our economy.

Instead, the reconstruction was made more from the necessity of urgantly snauring rations connections then with a view to increasing the existing transport capocity and modernising the out-deted equipment and structures.

Until recently the railway network was not much different from what it was in the paset; some first remained practically unchanged.

For many years the railway network was kept in operation only by means of ordinary maintenance which was financed seconding to the provisions of the special chapter of ordinary maintenance of some special interventions intended to "patch up" the most avidant gaps.

Today the planning is made with an eye to the future. This tend—decided in the political relations.

relations.

The first was the process of European Integration. From the stipulations of the Treaty of Rome much bast proof was supplied by the admission of three other countries and the direct election of the European Parliament.

progress was mads in this sense by the mamber-stales in an increasing number of sectors. The European Parliament.

This process necessarily, demands an improvement of the transport system, which is one of the European Parliament.

This process necessarily, demands an improvement of the European rail natwork requires, an addentisation of all transport fecilities and structures in the Community eres with a line in the control of the European rail natwork requires, view to lecilitating trade sectionges between the member countries.

In this fremework italy plays a prominent role, because of its geographical position. It is therefore would become a hampering factor on the road to European economic integration.

The other reason for urgont moderniantion of the railways was the energy crists. The shortage of indigenous energy resources med it necessary to reduce to a minimum energy weeks by carrying out a reconversion of our transport system. Their means detribution of traffic among the duration. Of all transport with respect both to the nature of the freight and to the journey, most suitable means of transport with respect both to the nature of the freight and to the journey. Thus, the decision was finally taken to re-leunch relievely transport by a series of financing plans.

Thus, the decision was finally taken to re-leunch relievely transport by a series of financing plans.

Tho first of these was approved by Parliament by lew No. 17/1981, The plan has provided for an financial resources. It is therefore proper to ask how it will be spent.

The will be amployed far the compiellon of the "test train (fine" flome-Financia: 150 terminory: 2,000 billion line will be allorted to the first stage of the hydrogeological programme, in order to reduce to a minimum tha risk of leanned to the shipping connecilose with italiao offshores order to reduce to a minimum tha risk of leanned to the first stage of the hydrogeological programme, in order to reduce to a minimum that had of leanned to the first stage of the hydrogeologi

(Plemonto, Velle d'Aosta, Lombardie, Liguria, Toscane, Smile Romagna)

. -Ferrare — 2nd Unit

---Terni --- 3rd Unit

(Emilia Romagns, Toscana, Veneto, Trentino-Alto Adiga, Friuli-Venezia Giulia) (Marchs, Umbrie, Abruzzo, Molise, Lezis)

(Campanie, Baellicate, Puglis) (Catebrie, Beailleste, Sicilie) The department of Cagliari will be directly responsible for operations concerning Sardinia. In conjunction with these five special Units now special extractures were also est up, each of them with procise tasks, competences and responsibilities, in fact, it is advised that the great emount of work required for carrying out the programme should be made by decentralised endoffice.

Office.

The five Units should eccomplish the following tasks: -Diract management and pormanent control over the progress of the works under -Flesibility and functionality

 Minimum coets in terms of menpower end steff regularments
 Smoother relations with regions and sectorial organisations Improvement of the skills and capability of the personnel employ is when the

The Kissinger conundrum

By Ian Davidson

THE HORRID fascination of Dr Henry Kissinger's memoirs is that they so exactly mirror the that they so exactly mirror the public figure that we used to see so often on our television screens, letting into some capital, emerging from some negotiating chamber, dominating some press confarence: clever, tireless, verbose, ponderous, pedagogical and insatiably insecure, and the whole conveyed in a style that gives new meaning to the word "prose."

To spend 1,200 pages in the company of such an outsize figure is not unelloyed pleasure, but it is an interesting experience at a certain level; among other office Allende's inauguration. Thereafter, Chile was destablised not by the U.S., but by the Chilean President. Whether or not Kissinger is massaging the facts at the margin, he is certainly straining every nerve to present them in the best light. But more interesting, perhaps, than the "truth" is the acuse sensitivity with which, in this episode and in those concerning Watergate, Kissinger is reacting to any imputation of dishonour. The image that emerges is not that

The events described in the new, second volume are less glamorous than those recounted in the first. Whereas The White House Years chronicled Nixon's first term, with the opening of American relations with China, the conclusion of the first Strategic Arms Limitation Strategic: Arms Limitation Treaty with the Soviet Unloo, and the settlement of the Vietnam War, Years of Upbeaval covers e shorter period, until Nixon's resignation in 1974, and is kargely concerned with the Middle East war, the first on shock, the abortive Year of Europe — and Watergate.

Nixon-haters will no doubt pore over those passages dealing

pore over those passages dealing with Watergate, to see if they can catch out Henry Kissinger in trying to cover np his own involvement in the scandal. Not being an unconditional Nixonhater, nor an expert in all the ins and outs of Watergate, I cannot throw much light on this question, though it does seem to me that if Kissinger's role in, for example, the wiretapping episode, was as peripheral and subordinate as he says (and it may well bave been), then he protests his imporence rather too vebemently—just as he did in his first volume.

The same goes for the fall of Salvador Allende, the left-wing Chilean leader who was succeeded by the Pinochet him, bridging in the end the regime. Kissinger argues that distance that had separated us Allende had far too little demoon the human level all these cratic legitimacy to justify his years. Nixon does not report sweeping left-wing programme. It in his memoirs. So perhaps

off before Allende's inaugura-tion. Thereafter, Chile was de-stabilised not by the U.S., but by the Chilean President. Whether or not Kissinger is not unalloyed pleasure, but it is an interesting experience at a certain level; among other things, it prompts the question whether his achievements were whether his achievements were ever as great as they were once cracked up to be. placed at the interface between the realities of power and the rbetoric of American democratic

values. This is perhaps why he gives such a charitable portrait of that other arriviste, Richard Nixon, in whom he finds error weakness and a dislocated personality, but whom be refrains from condemning. For all his international fame, Kissinger remains conscious of his subordinate role as a presidential appointee-a foreigner, to boot - and in awe of the presidential office.

In the closing scenes of the "a few suggested I invoke the Twenty Fifth Amendment to the Constitution and declare the President incapacitated. It was un-thinkable. It was not only that a presidental appointee had no moral right to force his President to resign; It would also be an unbearable historical burden for a foreign-born to

When Kissinger describes his last tete-a-tete with Nixon in the Oval Office, the bombast and the mangled metaphors slip away, and he writes what seems the only deeply felt passage in the book. "What I remember is that at that moment I put my arm around sweeping left-wing programme, it did not happen and I only but asserts, at length and with passion, that it was not the intervention of the U.S. which real difference. At the moment but indirectly be concedes the application of common sense of his fall, I felt for Nixon a point in an astute analysis of and the commitment of wby "Americans" find it hard resources." The only structural



The image that emerges is not that of a cool practitioner of realpolitik . . but that of a deeply insecure man

It makes a poignant contrast with the rest of the book, in which every bureaucratic manoeuvre is meticulously chronicled, every meeting timed to the minute, and every diplomatic conversation recounted with the confidence

of a film treatment.
On the public stage, Kissinger bas implicitly made a rather large claim: that he (and Richard Nixon) were for the first time able to give America a coberent geo-strategy, and to carry it out. It is not entirely clear, either with hindsight or from Kissinger's book, that this claim is fully justified. No one can deny that be was an absolutely tireless, and remarkably successful, negotiator: with the Russians over nuclear weapons, with the North Vietnamese over the ending of the war, with the Israelis and the Arabs over their disengagement. But it also seems that the strain of seizing control of these negotiations, and of conducting them personally, may have been too great to permit much time or effort for thinking about the

profit is capitalised in the share

Happily for British investors,

British directors are much more dividend conscious than

their American counterparts. In the interest of "total return,"

self-defeating inflation, or both.

The great sadness is that, per-sistent exhortation baving failed, the only viable method of cutting real wages has in-cluded use of the distasteful "weapon" of unemployment.

.The objectives of "monetar-

country are, in my belief, both logical and economically necessary for a time. It is both absurd and misleading to imply

anything sinister. F. K. Malcolm.

Edinburgh.

Inveralment Drive,

Chomping at the

as it is applied in this

I bope they remain so. R. A. Hammond-Chambers. Grange Dell,

Penicuik, Midlothian.

to handle foreign policy issues.

"Americans traditionally have seen foreign policy less as a seen foreign policy less as a seamless web than as a series of episodic events or discrete self-contained problems, each of which could be dealt with by the application of common sense and the commitment of resources. . . The American perception of international affairs has traditionally been Manichean: relations between states are either peaceful or warlike—there is no comfort-

able position in between." A case in point is the Middle East war. The massive American airlift to Israel, and Kissinger's remorseless shuttle diplomacy between the antagonists, undoubtedly tipped remorseless shuttle the balance first in favour of a ceasefire, and then in favour of disengagement. But undoubtedly, too, Rissinger gives
way to an unholy giee over the
mammer in which the Russians were faced down, and elbowed out of any significant role in

reat to permit much time or "Only we could deliver." The question is whether what arger strategy.

Kissinger never admits this, markly episodic, through the applicable of the conclusion of that war. "Only we could deliver." The question is whether what arger strategy.

Kissinger never admits this, markly episodic, through the conclusion of that war. perience. "We did not believe that trade by itself could moderate Soviet conduct . . . We believed, bowever that Soviet restraint

changes which have taken place in the Middle East in the eight years since then bave been brought about by the local actors, starting with President Anwar Sadat

There may have been good and sufficient reasons—starting with the efficiency of the megotiating process—for jost-ling the Russians out of the disengagement talks. But while one can only endorse Kissin-ger's rejection of traditional American Manicheism, it is bard to feel that he bad worked out an effective general straout an effective general stra-tegy for handling U.S.-Soviet relations,

Take the notorious concept of "linkage." Kissinger rightly derides Senator Jackson's attempt to use trade negotiations as a lever to secure a change in an internal Soviet policy (emigration), but he clings to the view that linkage can be used to moderate external Soviet policies. Yet his position here is not coherent, nor is it consistent with ex-

would be more solidly based if

reinforced by positive induce-ments, including East-West trade." I am not sure if, in policy terms, this means any thing, but the record of Angola Ethiopia, Afghanistan and Poland suggests that the Russians do not see linkage in even the minimalist terms of Dr Kissinger. More recently, he has taken a much harder line, opposing high-level U.S.-Soviet contacts because of the crack-down in Poland; but this comes oddly from a man who was, quite rightly, prepared to go anywhere and meet anyone when he was in office.

By implication, Rissinger blames the shortcomings in his East-West strategy at least partly on the slow erosion of President Nixon's domestic standing in America. Much more haffling is Kissinger'a misbandling of transatlantic relations with the debtole of the tions, with the debacle of the notorious Year of Europe. Not merely does be not give a plausible explanation of why myone felt it would be useful to try to drum up a reaffirmation of American leadership of the alliance, at a moment when the Vietnam "settlement" was fal-ling apart and the President slowly sinking, he still seems not to grasp the inappositeness of the enterprise when France had an ultra-Gaullist foreign minister (Michel Jobert), Britain a prime minister determined to give top priority to the new European relationship (Edward Heath), and Germany a chancellor bent on developing his new Ostpolitik (Willy

Even without this constella-tion of personalities, there are structural tensions in Europe between national sovereign interests, fumbling and reluctant progress towards closer political and economic integration, and the dependency of the transatlantic relationship, But to launch, in those circum-stances and with those political figures, a rhetorical exercise designed to prove that America was still loved, was a remark-able demonstration of solipsistic ignorance. For all bis undoubted cleverness, Dr Henry Kissinger is a very strange man.

Years of Upheaval by Henry Kissinger, Weidenfeld ond Nicolson and Michael Joseph, £15.95, 1,283 pages.

Lombard

A black knight strikes again

By Richard Lambert in New York

THE "WHITE KNIGHT" is one group of sbareholders familiar figure in corporate the expense of all the other a familiar figure in corporate America. The first response of America. The first response of any company in receipt of an unwelcome takeover bid is to seek out a friendly counter-bidder who well sweep it off to safety, Sir Galahad-style.

**Moreover, mere are tess to be learnt from the unit ented days of Jim Slater, J Bentley et al, whose activities in the UK during the example of the company of

But now black knights are riding too. In a period of depressed share prices, aggres-sive financiers are buying significant stakes in the shares of companies which, though falling short of outright control, enable them to threaten the position of existing management. The black knight's aim is to inspire fear—even loathing
—in the breasts of beleaguered management, to the extent that they will go to extreme lengths to get him off their back.
A prime example of a black knight is Carl Icahn. By huild-

ing a near 30 per cent stake in Marshall Field and making very threatening noises off stage, he bas driven the Chicago retailer straight into the comforting arms of BAT Industries. If successful, BAT's bid will net Icahn and his associates a very substantial profit.

There are several other knights in this particular chap-ter of the round table. At their bead sits Victor Posner, of Sharon Steel and others, the mention of whose names can threaten mass cardiac arrest in America's boardrooms. A number of other financiers do a little profitable jousting on the side. They include Saul Steinberg of Reliance and Leasco fame, and Charles Bludhorn, whose Gulf and Western Industries was parodled as "en-gulf and devour" in Mel Brooks film, Silent Movie,

In theory, these financiers should perform a useful economic function. Their presence can have an electrifying impact on complacent managers, who either have to produce improved results or face the sack. In prac-tice, the outcome can sometimes be rather different. U.S. law allows companies to buy their own shares, and in a number of cases managements have taken advantage of this to buy out the black knights at a premium. In this way, they protect their own position by enriching

Moreover, there are less "asset stripping," it turned was seldom a creative art fo was sentom a creative art for And mergers or strate, which were primarily inspiby the fear of corporate rain seldom turned out to be wi

This brings us straight be to Marshall Field. Ever since fought off an attractive taked bid by Carter Hawley Hale 1977, independence has bee high priority of the pre-management. In a bid to m itself more indigestible, company acquired a large n ber of stores across the l Yer at the same time, the cof the business—its flags store in Chicago—was losing way, and the company slip towards the bottom of the partment store league table terms of its return on ass and on turnover.

This sorry performa prompted a whole raft of cl actions from disgruntled sha holders, alleging among of things that managem breached its fiduciary resp sibilities by fighting off Carter Hawley bid. All same, its chief executive no quaims in branding Icahn as a "notortous corpor opportunist," while only i month the Marshall board tended his employment c tract until 1985. Whoever winds up in cont

of Marshall Field will proba have to go some way towar reversing the company's rec strategy—an operation lik to require a sledgehammer well as a scalpel, Maybe B. is up to the task—but it won be no surprise if Marsball Flo turned out to have other ide For the fact is that wh black knights are mainly int ested in short term dealing p fits, managers of unsuccess companies are usually main interested in preserving the jobs. The combination of t two is unlikely to make for

Letters to the Editor

After-tax profits are the property of shareholders

From Mr R. Hammond-

Tests of Opec's

From Mr K. Shilleto. Sir,—As one who appreciated the potential of the Organisa-

tion of Petroleum Exporting

just desire to wrest control of

their sole natural asset from the major companies, I was never

in any doubt of the organisa-

tion's ability to bold the line at

The recent fall in crude prices

represents the first major crisis to test Opec's unity and, bad it been found wanting, it

might well have closed up for good. There is no alternative to

unity on a demand crisis issue for such a cartel. Opec members,

for such a cartel. Opec members, however they may be represented in the media, are well aware that under present market conditions only proration—a term of Texan derivation—can save them from irretrievable loss of income and eventual individual impoverishment. Admittedly, proration has been on the agenda of Opec meetings since the early 1960s and no real progress has ever heen made, but then no real threat has ever been posed, notil now.

-notil now.
The interests of Opec mem-

hers are seldom firmly aligned, except in defence of their major

income source Long term marketing strategy bas been

discussed and committees estab-lished to develop a policy but

no overall plan appears to have heen presented at formal Opec meetings for much the same

strain as another point of the compass comes under sectional

to the organisation. For the

Countries in the early 1960s, sympathised with the members

unity .

Chambers Sir, - Lex (March 22) examines the pros and cons for important point seems to be the payment of dividends out missed; the after tax profits of of company profits to sbare-bolders. It is a subject that is receiving increasing attention in the United States where board room attitudes are receiving increasing attention in the United States where board room attitudes are governed by the principle of paying as little as directors can decently get away with Many of the arguments used by corporata management are those brought up in your article, most important of which are that dividend income is a tax-inefficiont form of return and that

companies can use the money better than the shareholders.

In all of the debate, one dividends by company directors should be turned upside down —what justification do we have for not paying out all of shareprofits to shareholders?

The only justification for shareholders not receiving dividends is that the retained

dyke years of 1979-80.

2 Mulberry Close, Beaufort Street, SW3.

D. Shilleto.

The objectives

of monetarism

From Mr F. Molcolm

present it is not so imperilled even if serious fissures were beginning to show in the Klon-

Sir, - Mr P. Wright (March

19) has presented a very clear and logical analysis of the economic aims of "mooetarism." It is a pity that he has bad to overlay his argument with Marxist simplicities that stop

the analysis at the time-bonoured, but emotionally con-venient, barrier between labour

Of course the Government's strategy is to cut inflation and reduce real wages. And of course the intention is to restore to profits a greater

share of national income at the expense of wages. These are not, however, crude political objectives, sufficient in them-

selves, rather they are the

obvious response to a reverse trend which, within the past two decades, has virtually wiped out real profits, has seen

the pouring of scarce resources into consumption and imports,

has encouraged escalating in-flation and led to diminishing

productivity. Consequently, as real profits have not been earned and the cost of scarce

capital has been high, invest-ment has not risen fast enough

to support the necessary num-

if you fail to accumulate adequate capital — taken as resources voluntarily withheld

from consumption in order to

take away jobs, or you have

ber of jobs. In other words, if you fail to accumulate certainly increased internal adequate capital

nationalist pressure but, in the sustain and increase production end, only oil prices rising out of (and it doesn't matter who control can pose a mortal threat owns these resources) — you

British Aerospace ciosures From Mr. E. Rouse

price. For the shareholders of the vast majority of the For-tune 500 companies in the Sir,-Once again, it appears the Midlands part of the British United States, retained profits aerospace industry is to be sacrified on the altar of over the past 15 years have not iniquitous Government decisions and the inability of manbeen reflected in added market value so that the shareholders agement to obtain changes to these decisions. have lost 15 years of the retained profits not paid out to

We are not going like lambs to the sacrificial slaughter. We are determined to see justice done.

Why, with £73m profit expected, is any closure neces-sary, particularly a unit which bas consistently over the years been more viable than many

Why do we have to buy American Trident—at the expense of our own industry and the Royal Air Force? Why do we have to compete with unfair competition from maintenance units most of whose overheads are met out of

Government funds?
With the vast amount of oney being poured into other "British" corporations why cannot some be allocated to British Aerospace for service/ modification work? We do not ask for cash handouts.

Some sites are desperate to get work carried out-Bitteswell bas some, why not the Other work is still being manufactured outside British Aerospace.

11 Ivybridge Road Stypechale, Coventry

From Beth Cockburn-Smith

Sir, Why does Christopher Driver (editor of the Good Food Gnide) exhort the English public to jump onto ferries and eat in the Channel ports of France? He should, on the cootrary, en-courage British people to be more like the French, i.e., habitual (and demanding!) eaters out. It is only with full tables that English restaurateurs can achieve profit with narrow margins.

I often bave French visitors chomping bappily in my restaurant—but nobody reports this on the media. Why do I have to look at TV news items with Englishmen eating in with Englishmen eating in

Mr Driver bites the band that feeds him. And anyway, I consider knocking Britain to be

The French have a marvellous tradition of fine cuisine. But they do not bave a monopoly of talent or enthusiasm — and our own raw ingredients are super. Beth Cockburn-Smith. Beth'a Restaurant,

What K stands

From Mr M. Connell
Sir,—Mr Bullen (March 19)
has, I am straid, been somewhat misled concerning the
origin of "K" to represent
1,000. My understanding is that it has always represented 1,000 as in kilogram, kilometre, etc., as indicated by Mr Griffin (March 16).

The use of the term "K with regard to computers is used as an approximation and refers to kilobytes or kilobits depending on its context. Computer personnel, in their search for jargon and brevity, prefer the phrase "64K memory" to "65,538 kilobit memory" and in the computer world this is widely understood. Even more strange, but just as widely used, is the word "core" instead of memory, despite the fact that integrated circuits have long relegated ferrite cores to the museums. M. P. Connell. Woodcote Grove Road,

Conisdon Surrey.

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For instance, holders of Sun Alliance with profit policies again benefited in 1981 from the continued good performance of the Life Fund. And Sun Alliance linked funds achieved outstanding results, a fact substantiated by the Money Management and Planned Savings year-end analyses.

It is this track record for proven investment performance that forms the foundation for the ever growing confidence in Sun Alliance as a company, by brokers and clients.

In the case of brokers, that reassurance is strengthened even further by the high quality support they receive. This includes extensive marketing back-up and co-operative direct marketing schemes specifically designed to meet the needs of individual

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All this is backed up by a nationwide network of branches providing efficient administration and technical support services. The final foundation for confidence is Sun Alliance's long established reputation for financial stability.

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Sun Alliance House, North Street, Horsham, West Sussex RH12 1BT

PENDING DIVIDENDS

A.B.N. Bank 13 %

ACC recommends holders Jebsen Drilling to join to delay accepting offer

BY JOHN MOORE, CITY CORRESPONDENT

SHAREHOLDERS of Associated Communications Corporation, the entertainments group which Mr Robert Holmes a Court is seeking to take over, have been told by ACC directors to take no action before April 5. If by April 5 "oo better offer has heen announced," then the directors edvise acceptance of the offers from Mr Robert Holmes a

In a circular issued at the In a circular issued at the Intermes: Bridgort-Gundry, Habit weekend, shareholders are told Mothercare, James Halstead, Nolton. that Mr Holmes à Court, the chairman and chief executive of ACC, and also TVW Enterprises, the group through which his £60m bid is being made, "has not the hoard's advice to you con-tained in this letter."

The circular also discloses that the group's Classic Cimema chain is to be sold to The Cannon Group Inc., an American company, for £7m. A deposit of £350,000 was paid by Cannon on February 17 1982.

On that date ACC and Classic, which owns 66 cinemas and 126 which owns 66 cinemas and 126 screens, arranged the deal with Cannon. It was conditional on the consent of the Panel on Takeovers and Mergers granting approval, which has been gained. The disposal was also conditional on the redemption of the first mosters of dehentire treet of first mortgage debenture stock of Intereuropean Property Holdings, the group which ran in Cleasic chain and which ACC acquired in 1979.

		Seemption of	410
SPAIN			
100	1-82		Mar 26
			Price
High	Low		70
347	251	Banco Bilbao	342
348	280	Banco Central	. 339
320	229	Banco Exteriar	-
330	239	Banco Hispano	
128	110	Banco Ind. Cat	
383	284	Banco Sentander .	
219	148	Banco Urquijo	204
368	263	Banca Vizozya	361
252	203	Banco Zaragoza	241
165.5	82	Dragados	153
75	45	Espanola Zinc	60.5
72	55	Fecsa	
55	22	Gai. Praciados	36
82.7	61.7	Hidrole	63
62.5	50	berduero	52
102.5	70	Petroleos	32.9
100	70	Detroit has	99
		Petroliber	99
102	9	Soceties	

ROARD MEETINGS

The following compenies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose at considering dividends. Official indications are not avariable as to whether dividends are interms or enals and the subdivisions shown below are based mainly on last year's timatable.	7 1 1

cinemas from another subsidiary of ACC. The book value of the assets to be aold is approximately £10.1m.

The sale proceeds will be used to reduce ACC groop bank the TVW offers. borrowings.

The directors warn that although may be able to obtain a price they stated at the time of the higher than the 95p TVW No. 2 forecast that they are confident offer. That offer is more capable of becoming unconditional on current year and income from April 13 than the 110p TVW No. current year and income from April 1: film product recently released 1 offer. provide an improved basis for the performance of the film prodoction and distribution division in the next financial year, dividends will not be paid for some time." No dividend will be paid for the current financial

It is nulikely that any divimeot atatus."

TVW is offering sbareholders rights issue. 110p per non-voting share bid— Accepting 110p per non-voting share bid.— Accepting either or both of offer number 1—providing it the TVW offers could well progains 90 per cent acceptances, and a fallback offer worth 95p

Voting sharebolders will top TVW's offers. Already it receive e price for their sbares has made two offers for the carefully related to a formula group, the last being at 90p for under the articles of association.

U.S. \$50,000,000

Floating Rate Notes Due 1988

In accordance with the provisions of the Notes,

notice is hereby given that for the interest period from March 29, 1982 to September 29, 1982 the

Notes will carry an Interest Rate of 152% per annum.

The interest payable on the relevant interest

payment date, September 29, 1982 against Coupon

No. 3 will be U.S. \$7,922.22 per Note.

Morgan Guaranty Trust Company

DUAKU M	Œ
The following compenies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are internal or enals and the subdivisions shown below are based mainly, on last year's timetable.	Los Ma Phi Aq Ba De
	723

Finels: Appleyard, Charte Group, James Dickie, Fraemacs

stock took place on March 25, could receive around £4.40p for participated in any of the ACC Immediately prior to the comeach of the shares, and under board's deliberations on the pletion of the disposal, the the lower offer £3.80 per share. offers or in the formulation of Classic Cinemas subsidiary will. Shareholders have "at present take over the operation of tha three choices of action" says the to sell their non-voting

Legal and General Midfand Industries

FUTURE DATES

ndon & Prov. Shop Centres May

to accept either or both of

The directors observe that if The circular details the fore-cast loss for the year ending prior to the first closing date of March 1982 at ACC of £30.5m. the offers, namely April 13, they

> Retaining the holdings would enable shareholders to benefit from any subsequent better offer that may be made for their

If the number 2 offer becomes unconditional sbarebolders would have a limited period in which to choose whether to accept or dend will be declared for the remain a minority shareholder next financial year "save for any in ACC when its commercial and nominal dividend necessary to maintain ACC a trustee invest-TVW states, ACC may raise additional funds through a

duce the best price, unless a better offer is made. and a fallback offer worm super non-voting share which will hecome effective if it only gains hecome effective if it only gains hecome effective if it only gains yet to decide on whether it will yet to decide on whether it will not will be a super supe

USM: sees £15m profits

Securities Market this week.

Formed in 1979, the company operates three semi-submersible rigs in the North Sea. Last April, a privete placing of Jeb-sens Drilliog's 16m shares raised £13.6m from UK institutional investors. Some £8.6m of this was applied towards the purchase of a controlling stake in a dynamically positioned drill ship, which is under contract to Petro-Canada Exploration.

In the year to December, the impany reported pre-tax profits of £8.7m on turnover of £30.7m, against pre-tax profits of £0.5m on sales of £13.4m in the year previously. The group's drilling units are all contracted for 1982. As a result the group forecasts profits for the year to reach £14.9m. It intends to pay a net dividend of 17.5p for 1982.

Standard Secs.

Exchange quote

Net assets have grown from £145,000 in 1971 to £19.5m. Properties were valued at March 12,

Profits of £0.5m are forecast

for the year to September, 1982

and a dividend of 1.4p is to be

recommended. The placing has been arranged by Hambros Bank,

and brokers are Rowe and Pit-

1982 at £30.8m.

Times last Friday.

FT Share

Information

seeks Stock

date were valued at £69.6m.

1,700 shares. seeking that listing.

the company are Hoare Govett.

comment

Jebsens Drilling, the North Jebsens' consolidated balance much of a track record behind sea drilling group formerly part sheet et December 31 1981, shows lt, so it opled for the USM. Only of Kristiao Jebsens Rederi, a sharebolders funds of £18.79m three years old, Jebsens has major Norwegian shipping and long term debt of £45.7m. grown up quickly, thanks to its group, will join the Unlisted The group's fixed assets at that parent, the KJR group, one of the largest Norwegian shipping Mr Atle Jebsen, cherrman of groups, and owner of a fleet of the KJR group and Jebsens 70 ships. JD's profits will be up Drilling controls 6.6m of the by 70 per cent this year, as all of shares or about 41 per cent of its ships are under contract. For the equity. Mr Inge Steensland, the time being the woes of the a director of Jebsens, owns a oil industry should not affect JD further 1.8m shares, while Mr too badly—these contracts should David Gault, also a director, owns cover costs until 1984. JD'a costs, however, are very high, due to The directors of JD hope to large borrowing undertaken to obtain a listing for the shares on finance the construction and pur-the Stock Exchange within two to chase of its ships. Borrowings, at three years, and do not plan to £45.7m, outweigh shareholders reduce their holdings prior to funds by a factor of more than two, and are secured against the Dealings on the USM will ship. Any steep decline in drill-begin on Thursday. Brokers to ing activity over the next few years and JD could belong to the bank. The shares were privately placed at 300p last year, but the Although Jebsens is large softness of the oil industry indi-enough to go for a full Stock cates that trading should begin Exchange listing, it does not have at a discount to that price.

London Life holds bonus

Life Association, at 45 per cent of attaching ona of the very few mutual life bonuses for the first half of 1982 companies that does not pay Thus for its main contracts, commission to intermediaries, is The prospectus is published today for the flotation on the today for the flotation on the Stock Exchange of Standard Securities, a fast-growing property company.

The group, which was formed in 1971, is coming to the market by way of a placing of 22m ordinary shares. At the placing price of 136p per share, it is capitalised at £15.6m.

Net assets have grown from

attaching bonuses.

However, the bonus on the simple bonus pension series is increased by £1 to £10.50 per cent of the basic beoefit.

The rates of reduction on the sum assured higher reversionary bonus rates applicable on April 1 The bonus on the sum assured higher reversionary bonus rates applicable on April 1 The bonus on the sum assured higher reversionary bonus rates applicable on April 1 The bonus on the sum assured higher reversionary bonus rates applicable on April 1 The bonus on the sum assured higher reversionary bonus rates applicable on April 1 The bonus on the sum assured to the sum remain unchanged.

The company also kept its rate applied to effecting bonus terminal bonus rate unchanged is lifted 30p to £5.70 per cent.

Thus for its main contracts, London Life bas kept unchanged maintaining its compound both its reversionary and terrestionary bonus at £5 per minal bonus, one of the very few settaching bonuses.

 The bonus on the sum assured is kept at £4.40 per cent, but the rate applied to etteching bonuse

THE TRING HALL **USM INDEX** 120.9 (unchanged)

close of business 26/3/82 BASE DATE 10/11/80 100 Tel: 01-638 1591

LADBROKE INDEX

Close 552-557 (--5)

man. A comment on Standard was published in the Financial

The following securities have been added to the Share Information Service: Nationwide Bnilding Society 161 per cent (17/1/83) and 151 per cent (7/2/83) (Section; Loans—Building Societies). Sheldon Jones (Industrials).

SHARE STAKES

Dorada Holdings-British Car Anctions has acquired a further 100,000 shares and now holds \$25,000 (8.07, per cent).

> ALLIED IRISH BANKS LIMITED U.S.\$30,000,000 Floating Rate Subordinated Notes due 1984

in accordance with terms and conditions of the Floating Rate Subordinated Notes due 1984. the Rete of Interest for the Interest period from 30th March, 1981 to 30th September, 1982 has been fixed at 15½% per annum. The Coupon Amount of U.S.\$80.50. will be payable on 30th Soptomber, 1982 against surrender of Coupon No. 11.

29th March, 1982

Manufacturers Hanguage Limited turers Hanover Limited Agent Bank

Jebsens Drilling plc

(Incorporated in England under the Companies Acts 1948 to 1976 — Registered Number 1411484)

Share Capital

Issued and Ordinary Shares fully paid £4,000,000 of 25p each £4,000,000

Application has been made for grant of permission to deal in the Unlisted Securities Market on The Stock Exchange in the abovementioned securities. It is emphasised that no application has been made for these securities to be admitted to listing.

Particulars of the rights attaching to these securities are available in the Extel Statistical Service and copies of such particulars may be obtained during business hours on any weekday (Saturdays and public holidays excepted) up to and including 19th April, 1982 from:



Hambros Bank Limited Hoare Govett Limited 41 Bishopsgate, London,

Heron House, 319-325 High Holborn, London, WC1V 7PB.

RECENT ISSUES

EC2P 2AA.

EOUITIES

ł	_			_	-4011140						
issua price p	Amount pald up	Renung. Date		1/82 Low	Stock .	Olosing price	+ or	Olyl p. Amount	Covered	Gross YIeld	P.E. Ratio
15 80 		15/4 S/5	25. 570 95 38 93 154 53	87 89 197 47 137 30 391 ₂	Camhrian & Gen.7ip PEIdridga Pope £1 Fleet Haidings 20p Greenfriar Warrants #imm. 2us. Sys. 10p Leisure Inds #Majaysian Tin 5p	370 934 37	+12 +5	63,5 0.6 		5.7 6.3 1.3 6.7	11.4 a.4 11.0

FIXED INTEREST STOCKS

lesue price	da p	atest date		1/8	Stock	Closing price &	 +.
	₹ <u>8</u>	<u>~</u> _	High	Low		öä	L
100 100 100 88,532 -92 \$100	£25 F.P. £10 F.P. £30 £10 F.P. £20	22/3 	101g 105 291g 113g 1003g 1024o	101 ₂ 88 291 ₂ 101 ₃ 100 100p	Barclays 16% Ln. Stk	1012 99 2912	

"RIGHTS" OFFERS

Issuo		Ren	unc.	198	1/2	Charles .	15 0 0	+ or
Price	₹8	•	ate	Hioh	Low	Stock	Olosín prios	_
70 40 80 150 A32,26 74 110 11	F.P. F.P. NII NII F.P.	15/5 8/5 28/3 50/5 - 8/4 23/3 8/4 24/3	85/4	42 57 188 26pm 87;pm 158 312 pm	40 50 164 10pm 24pm 134 3jpm	**Clyde Petroleum **Energy Finance 10p *First Castle 10p **Hunting Pet. Services	40 54 184 23pm 27pm 158	•

Renunciation data usually last day for dealing free of stamp duty. In Figures based on prospectue estimate. It dividend rate paid or payable on part oil capital; cover based on dividend on toll capital. It assumed dividend and yield, a Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prespectus or other official estimates is: 1982. Q Gross. T Figures assumed. It figures are raport awaited. I Cover ellows for convertion at abares not new ranking lar dividend or ranking only for restricted dividende. I Placing price. P Penes unless otherwise indicated. I issued by tander. Official to holders at ordinary shares so a "rights." State by way of capitalisation. Si Raintroduced. It issued to former preference holders. Introduction. I issued to former preference holders. Allotment letters (ar fully-paid). Pravisianel ar partly-paid ellotment letters.

With warrants. If Ocalings under apecial Rule. & United Securities. With warrants. If Ocalings under apecial Rule. & United Securities. Market. It Londan Usting. It Effective issue price efforts. I Formerly deaft in under Rule 163(2)-(e). It Unit comprising five ordinary and three Cap shares.

Dates when some of the more important company divident slatements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

Announces. Annouece-Date ment last *APVMer 30 Finel 6 2 8AT Inds.Asr 25 Int. 6.5 *Bebcock Intl...Mer 31 Finel 3.6 *Benk ol Scotland...Apr 13 Final 9.5

Dates when some of the more important company dividend

) Dste	28%i 704m	DAID	Sepi foem
	Yesr	·	YROF
*APVMer 30	Finel 6 2	TLWTAPr 1	Final 4 068
BAT IndsApr 25	Int. 6.5	•LedbroksApr 1	Final 6.98
"Beboock InilMsr 31	Finel 3.6	Laing (Jahn)May 1	F/nst 1.875
*Bank oi		Laporta IndaApr 23	Final 3.5
ScotlandApr 13	Final 9.5	"Lead IndsApr 7	Finsl 5. 96
Barrow		*Legel and	•
HepbumApr 15	Finel 1.4	General Mer 31	Final 6.0
*Blackwood		London Brick Apr 8	Final 2 832
HodgeApr 14	Final 1.5	*Low and Bones Mas 29	Final 9.5
Blue	,	Menzies	
Circle IndsApr 29	Final 10.0	(John)Apr 22	Fire 5 0
*Booker	(11101 10.0	Margen	1 11-41 2 0
McConnellMsr 30	Final 1.675	CrucibleApr 15	Frasi 3.0 ·
BoweterApr 6		Mowleto	
*British		(John) Apr 30	Final 6.85
AsrospaceMar 30	Einel & RE		Fine) 2.5
- Maraghacamana do	LINET		Chief 7'9
*Brixton	Finel 1.69	Pearl	First 42 6
EstetasMay 6	Canel 1'09	AssuranceApr 14	Final 13.0
Brown Bover!	Final 1.2	Pearson	
KentApr 10	- mai (_2,	Longman May 5	Front 4.806
	Int. 1.35	Paerson (S.) May 5	
(Matthew)May 7	1111. 2100	P. & OMey 6	final S.D.
*Bunzi Pulp	Final 3.02	*Phoenix Asce. Apr 7	Fins 2.4
and PaperMar 31 Burmah OilApr 15	Final 5.0	*Reckitt and	Fins1 5 0
	Fmat 7.3	CohnanMay 30	
*Cape IndsMar 30	Int. 5.0	Reed (A.)Apr 2	Fin si 2.45
Common Bros. May 5 *Crods IntlMar 31	Fine! 2.251	PRIO TINTO- ZincApr 15	Finel 10.5
Cuert Apr 21	Final 7.5		LNIEL TO'G
CurrysApr 21	Frne! 1.82	Royel Bank Scatland May 7	Jan. 9.4 1.
Ownlon Apr 23	Finel 1.35	RuberoidApr 0	Final 2.65
OunlopApr 23 Expended	111101 1100	Rugby Portland	Cube in the
MetalApr 14	Finel 2.6	CementApr 5	Final 2.6
Flight		Sainsbury (J.) May 6	Finel 5.0
RatuellingApr 23	Final 1.6	Samuel Prope. May 1	lat. 1.2
Franch Klar May 5	Final 2,3	*Scottish	
*GREMar 31	Finet 9.6	MetropolitanApr 6	Int 1.25
Gerrard and		*Seniar EngApr &	Fibri 0.75
Nat. OisoApr 27	Finel B.O	5 mon Eng Apr 27	Final 6.0
*Gill and		Smiths IndsApr 14	Int. 3.7
OuffuaApr 7	Fina) 4.87	Smith (W. H.) Apr 21	Final 3.2
*GlaxaApr 5	Int. 3.75	*Btandard and	
"GlynwedMar 29 Hambro LifeApr 14	Finel 4.9 Final 6.6	CharteredMar 30	Futal 20:5
Hambro LiteApr 14	Lines are		Final 18.0
	Final 6.552	Tarmec Apr 28	Finel 10.5
(Matthew)May 6	11111 01002	Taylor	
PropMay 1	Final 6.5	Woodraw.,.Apr 9	Finel 10.157
Harris Propmay		Telephone	Ti16 PT
QueenswayApr 22	Final 4.0	RentalsMay 5	Final 6.25
Hawker		Tozer Kemeley Apr, 21	Finst 0.795
SiddeleyApr 15	Finel 5.2	Travis and	El120
Hepworth (J.) May 5	Int. 0.79	Amold. Apr 23	Final 3:3
*Higgs and		UOSMay 7	Final 3.67
HullApr B	Finel 2.8	Veux	Int. 2.5
Hause of		WeirApr. 1	Fine Inil
FraserApr 29	Finel 4.8		Frant 1.7.
*lbetock		*Wimpey (G.)Apr 29 *Yorkehire	. 1484-441-
JohosanApr 2	Final 3.0	Chema.,.Mar 29	Final nil
*Klainwort	4		
BansonMer 30	Finel 6.0	Board meeting intim	ated, † Righ
Kwik Save		lazus eince mede. 4 Ter	
OlecountMay 1	Int. 1.6	issue since made. 1 For	ecest

BASE LENDING RATES

ALL A Vaich Tranh TO OF	T Culeman Makes 79 W
Allied Irish Bank 13 %	Guinness Mahon 13 %
American Express Bk. 13 %	Hambros Bank 13 %
Amro Bank 13.%	Heritable & Gen. Trust 13 %
Henry Ansbacher 13 %	# Hill Samuel
Arbuthnot Latham 13 %	C. Hoere & Co
Associates Cap. Corp. 13 %	Hongkong & Shanghai 13 %
Banco de Bilbao 13 %	Kingsporth Trust Ltd, 14 %
BCCI 13 %	Knowsley & Co. Ltd 131%
Bank Hapaolim BM 13 %	Tiende Hamb
Bank Leumi (UK) plc 13 %	Linyds Bank
	Plant Marin 2. Co 74 fr
Bank of Cyprus 13 %	Edward Manson & Co. 14 %
Bank Street Sec. Ltd. 14 %	Midland Bank 13 %
Bank of N.S.W 13 %	Samuel Montagu 13 %
Banque Belge Ltd 13 %	Morgan Grenfell 18.%
Banque du Rhone et de	National Westminster 13 %
la Tamise S.A 131%	Norwich General Trust 13 %
Barclays Bank 13 %	P. S. Refson & Co 13 %
Beneficial Trust Ltd 14 %	Roxburghs Guarantee 131%
Bremar Holdings Ltd. 14 %	E. S. Schwab
Brit. Bank of Mid. East 13 %	Sizvenburg's Bank 13 %
Brown Shipley	Standard Chartered
Canada Perm't Trust 134% Castle Court Trust Ltd. 134%	. Trade Dev. Bank 13 %
Castle Court Trust Ltd. 131%	Tructee Savinos Bank 13 %
Cavendish G ty Tst Ltd. 151%.	Trustee Savings Bank 13 % TCB Ltd. 13 %
Cavzer Ltd	United Bank of Ruwait 13" %
Cedar Holdings 13 %	Whiteaway Landlaw 1319
Court Howard Lands 11111111 40 16	Williams & Glyn's 13 %
Charterhouse Japhet 13 %	Wintrust Secs. Ltd 13 %
Choulartons 14 %	
Citibank Savings1121%	Yorkshire Bank 13 %
Clydesdals Bank 13 %	Members of the Accepting Houses
C. E. Coates 14 %	Committee.
Consolidated Credits 131%	* 7-day deposits 10%, 1-month 10.25%. Short 1979 £8,000/12
Co-operative Bank	month 12.6%.
Corinthian Secs 13 %	t 7-day deposits on sums of: under
The Cyprus Popular Bk. 13 %	f 1-orly debosits on some or; number
Duncan Lawria 13 %	£10,000 104%. £10,000 up is £50,000 11%. £50,000 and over
Eagil Trust 13 %	117%
E.T. 1709t 136%	# Call deposits £1,000 and over
Exeter Trust Ltd 14 %	10%.
	21-dey deposits over £1,000 11%%.
	S. Demend deposits 10%.
	1 Martgage base rate,

Public Works Loan Board rates

Effective March 27

·	Quota	IONIS	· repero	Mon-dnors	10402	A" rapaid
Years	y EiPt	A‡	er maturitys	by EIPt	A‡	meturity
Up to 5	133	137	141	144	147	143
Over 5. up to 6	132	137	141	141	14F	142
Over 6, up to 7	14	14	14 ž	142	142	147
Over 7, np to 8	14	141	141	14%	147	147
Over 8. np to 9	14½	14}	14	147	14	147
Over 9, np to 10	141	14}	14	149	141	142
Over 10, up to 15	14 <u>‡</u>	14	13}	147	142	144
Over 15, up to 25	137	134	13§	141	144	141
Over 25	13	. 13	13#	14#	141	。 14

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instituents of principal. ‡ Repayment by balf-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With balf-yearly payments of interest only.

INCAL AUTHODITY DOND TABLE

:	£	Year
	}-year	£ }-year 1,000

M. J. H. Nightingale & Co. Limited

ما 28/28 	vat Lane London EC3R	8EB		[eleph	опе (01-621	1212
£000's						. 9/	Z .
capitaliss ti	OF C		Chango	Grass	Yield)	Fully
1,283		Price	on wesk	div. (p)	%	Actual	taxed
4,226	Aes. Bris. Ind. CULS	123		10.0	7.8	-	_
1,125	Airaprung	73		4.7	6.4		18.0
12.098	Armitage & Rhades	45	-	4.3	9.8	3.8	8.5
1,338	Berdon Hill	198	- 1	8.7	4.9	9.8	11.7
4.875	CCL 11ac Cany, P.et	107	-	15.7	14.7		
	Deborah Services	63		6.0	9.5	3.1	6.9
4,016	Frank Horsell	125	- 1	6.4	5.1		
11,258	Frederick Parker	. 78	d 3	8.4	8.2	114	
978	George Bistr	63		J.T		4.0	7.6
3,940	ind. Precision Csalings	97	+ 2	7.3	7.5		.
2,592	leie Conv. Pref	108	_ - 7	15.7		. 7.0	10.5
2,454	Jackson Group	97		7.0	14.5		
16,010	James Burrough	118	+ 2	8.7	7.2		
2.550	KODOM Jankins	250	+ 2	31.3	7.5	6.5	- 10.6
3,180	Scruttons "A"	64			12.5	3.5	8,8
3,881	IBIOSY & Carliele	159		10.7		- B.B	9.1
2,992	· i Winiock Ord.	14	+ 0,	10.7	67	6.1	6.5
2,170	I WINIOCK TEOC LILS	79	+ 0	150			
3,815	Unitek heldings	25		15.0	18.9		. =
10.014	Weiter Alexander	79	· = .	3.0	17.0	4.5	7.5
5,391	W. S. Yestes	-	+3	6.4	8.1	- 5.2	.83
	Prices now svallepin		⊤હ Mastelini	14.5	-5-5	-6.0	724

FINANCE FOR INDUSTRY TERM DEPOSITS.

Deposits of £1,000-£50,000 accepted for fixed terms of 3-16 years. Interest paid gross, half-yearly. Rates for deposits received not later than:

Terms (years) 3 4 5 6 7 8 9 10 INTEREST % 131 131 131 131 131 131 131 Deposits to and further information from The Treasurer Finance for Industry plc. 91 Waterloo Rd., London SEI SXP (0)-928 7822, Ext. 367).

Cheques payable to "Bank of England, at FFP" per is the holding company for ICFC and RCI.

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$100,000,000

Allied Irish Banks Limited



Floating Rate Notes 1992

Subordinated as to payment of principal and interest

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Allied Irish Investment Bank Limited

Merrill Lynch International & Co.

Banque Nationale de Paris

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to ter

go ow en ha im suk qui nai

est Cri dor chs req pan stal

Chase Manhattan Limited

CIBC Limited

Deutsche Bank Aktiengesellschaft

Girozentralo und Bank der österreichischen Sparkassen Manufacturers Hanover Limited

IBJ International Limited

Société Générale de Banque S.A.

Nordic Bank Limited S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

The issue price of the Notes is 100 per cent. The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Interest is payable semi-annually in arrears in April and October, the first payment being made in October 1982, Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 13th April, 1982 from the brokers to the issue:

Pannure Gordon & Co., 9 Moorfields Highwalk. London EC2Y 9DS

The Stock Exchange, London

Butler & Briscoe, 3 College Green, Dublin 2 hae

J. & E. Davy, 60/63 Dawson Street, Dublin 2

The Stock Exchange, Dublin

29th March, 1982

The Stock Exchange, Dublin

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

Eurodollar sector still in the doldrums

IN THE doldrums is the only way to describe the mood of the Eurodollar bond market over the past few days. The market desperately wants to improve, but the fundamentals have shown no major change.

While the Euro D-Mark and Swiss franc foreign bonds con-tinue to enjoy a buoyancy marked by relative nptimism over short-term interest rates, the dollar sector of the Euro-bond market, like its American cousin, is indecisive.

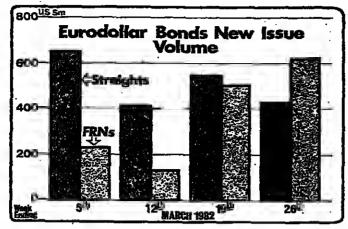
The continuing impasse over the U.S. budget is not helping matters, nor is the growing fear over the annual April bulge in U.S. money supply because of tax rebates. Add in this cocktail the fact that many Eurobond investors are sitting on their hands, plus the launch of a number of new issues of dibious quality, and you end

up with a nervous market. Prices of many fixed-interest Eurodollar bonds closed the week unchanged, while Euro D-Mark bonds registered a gain of around } point on average. The Swiss franc foreign bond sector picked up on Thursday and Friday, particularly after the latest Swiss federal bond was priced at 102 to yield 4.91 per cent. This compares with a yield of 5.4 per cent in December on the last such bond and is encouraging information for

the foreign bond market. Back in the lacklustre Eurodollar sector both dealers and new issue managers spent the end of the week talking about static short-term interest rates and increasingly short-term "rollover bond" maturities. bonds bave their coupons adjusted several times

during their lives. In the wake of recent threeyear adjustable coupon bonds from General Motors Accep-tance Corporation and Gulf Oil the market is now seeing a \$100m Citicorp 10-year issue which will have its coupon djusted every two years. The first coupon will be 15 per cent hungry retail investors on the and at the end of two years

Citicorp's new issue, through Goldman Sachs, Commerzbank the size of the issue was a mite and Citibank, was not proving ambitions; there is also the fact inspirational on Friday. This that Mexican names are not the is partly because some of the best-loved these days.



cent from par.

month

In the primary market a

Internationale d'Investisses

(BAII), the consortium bank. Banque Nationale de Paris and the Kuwait Investment Com-

pany are lead-managing the

issue, which bears a 51 per cent

minimum coupon and a spread of 1 point over the mean of the

bid and offered rates of six-

London interbank

\$125m 15-year Citibank bond, counts of as much as 21 per also with an adjustable coupon, at 15} per cent.

appearance of these extra-short rollover honds, like note was launched over the the launch of a large volume week-end for Banque Arabe et of floating rate notes, provides further proof of the market's caution over the path of interest rates. In this sort of atmosphere the better quality paper is being chosen and investors are even paying closer attention to call features. The increasingly discerning

nature of Eurodollar bond investors is a bealthy sign for money. the market. After all, wby should an investor buy paper which carries a call feature allowing the borrower to demand it back in three or four years at a small premium when other issues might provide a secure return for a longer time

ond a similar coupon?
Given the slightly morose tone of the Eurodollar sector it is not surprising that the experience of Baonbras, the Mexican public works financing Mexican public works mancing bank, bas not been a very happy one. S.G. Warburg brought the \$150m 10-year issue to market with a hefty 172 per cent coupon earlier this month

But the traditional couponinvestors will have the option at the bait this time. A sign of redeeming the bonds if they nificant amount of Banobras do not like the adjusted coupon. paper has been left on managers' books. It is possible that

gloss has come off Citicorp's A number of houses declined the Banobras deal and the marbecause it was noly a few weeks ago that CSFB managed a was selling on Friday at dis-

CREDITS

No-string margins hard to find

MOST OF the action in the Eurocredit market last week was in Southern European rising to 1 per cent for the financing and Europankers are remaining five years. In still mulling over the question of whether the tide of 1 per cent margins is receding from CNT's \$400m financing pack.

Instead, the credits for Portugal, Spain and France's state-owned Caisse National des Telecom-munications (CNT) all carry elements of a per cent margin, but are not the real thing. Greece was the first to opt

for a more expensive } per cent on its \$450m credit more than a week ago. Then came the news that although Portugal was insisting on a 1 per cent element in its forthcoming \$300m eight year credit, it would probably agree to } per cent for the first six years.

A number of banks (including Citibank and Lloyds Bank Inter-national) have been invited to Lisbon this week to discuss the credit. Several of them seem quite relaxed about a } per cent portion because it would be on the last two years of the credit and there should be a reasonable front-end fee.

Bankers claim that the 1 per Alan Friedman cent element in Spain's \$450m two-tranche credit is not a

genuine one because it is only balf of the first \$300m tranche

this region.

The tentative conclusion reached by many appears to be that a genuine, no-strings attached i per cent margin is becoming rather hard to find.

Instead, the credits for Portugal, ing i per cent above Libor. Particular hard streament of the process ticipating banks are being asked to take \$10m of each and the floater is clearly an inducement to take on the i per cent credit

portion.
Poland's 1981 interest is just about paid up, but it will take a day or two more before the full accounting for 500 Western banks is completed. Friday was the official deadline and the 1981 debt rescheduling agree ment could be signed next week Africa-watchers are consider

ing the implications of Nigeria's import clamp-down on its borrowing requirements, par-ticularly its need for more than \$1bn in Euromarket finance for its railway project. Nigeria's "sbort-term, but terrifying downturn in cash finw" said one banker is cause for a revaluation of the standard eight-year margin of 3 per cent

Alan Friedman

DM BONDS

Hungry investors seek further interest cut

relax monetary policy further and make another cut in interest

fully preparing the domestic credit and international foreign exchange markets for the deci-sion, the central bank cut its "special Lombard" rate from 10 per cent to 94 per cent. It was the fourth reduction in the rate since last October when the bank signalled an about-turn in monetary policy by cutting the "special Lombard" from its 12 per cent cyclical peak, to 11 per

Since last September 10-year bond yields have fallen from record highs of over 11 per cent to current levels of around 91 per cent for Government issues. A DM 2.3bn foreign bond calender agreed in February has also been swallowed eagerly by German

market the fall has been even suggests that the inflation out-sharper, from more than 12 look could continue to brighten, per cent to around the 9 per Morever, while the domestic

Over roughly the same period, from the beginning of November to the end of last Two weeks ago, after careweek, the Bundesbank has also been able to accomplish some "un-coupling" of German rate from DM 2.22 to the domest Interest rates from U.S. rates. In November to almost DM 2.40 has been between three month Eurodoliars in November to almost DM 2.40 has week. The current unsent bear was four percentage and the continuing swings in the continuing swing been able to accomplish some points (111 per cent for three-month Euro D-marks and 15; per cent for three-mouth dollars), currently it is around six percentage points

The Bundesbauk bas been able to take the risk of widen-ing the dollar/D-mark yield gap the German current account is now heading for surplus after its DM 30bn delicit in 1980 and the inflation rate is coming down from its cyclical peak—a year-on-year rate of 6.7 per cent in October to under 6 per cent. The almost certain prospect of wage settlements this year falling around At the shorter end of the the 4 per cent mark or below

INVESTORS in the West German capital markets, their appetites whetted by the juicy profits they have enjuyed over the past three months, are urging the Bundesbank, the West German Central Bank, to with the result that the yield corve has become positive again, as good an indication as any that the toood in the market bas become much more optimals. The way of further declines in interest realize monetary policy further.

One price the central bank has had to pay for this happier state of affairs is a deterinration however of just how little room the Central Bank has

In such circumstances a wily old bird like the Bundesbank is unlikely to want to be caught trying to push rates down fur-ther and risking a reaction on the foreign exchanges which could set off a perverse upward shift in interest rates in the bond market. Hungry investors are going to have to put their money where their mouths are if they are to satisfy their lust for short-term gains. The Bundesbank wants to follow toe pack, not lead it.

Stewart Fleming

CURRENT INTERNATIONAL BOND ISSUE

Borrowers	Amount m.	Maturity	Av. life years	Coupon	Price	Lead manager	Offer yield
U.S. DOLLARS							
New Zealand†‡	350	1987	5	510	100	Kidder Peabody I	nti. 5.250°
Gulf States Utilities‡	50	1990	8	16	99₹	CSFB	16.115
Duke Power Ovs. Fin.	50	1989	7	15}	100	Morgan Stanley	15.500
Finland‡	75 .	1987	5	151	994	Morgan Stanley	15,500
Electricite de France;	100	1989	7	14}	991	Societe Generale, Merrill Lynch	14.490
OKB**‡	52.13	1992	10	151	100	Salomon Bros, Orion Royal	15,250
CNT†‡	200	1990	8	510	100	Societe Generale	5.250°
Citicorp Oys. Fin.4	100	1992	10	. 15¶	100	Goldman Sachs, Commerzbank,	
B.A.L.I.†‡	70	1989	7	5 } 0	100	Citibank BNP, KIC	15.000¶ 5.500°
CANADIAN DOLLARS							•
Prov. of Quebect	50	1989	7	16}	100	Societe Generale	16.500
Simpson-Sears Acceptan	ce · 40	. 1989	. 7 ·	163	e	Wood Gundy	
Canadian Pacific Secs, L	td‡ 50	1989	7	16₹	too	Orion Royal Bank	16.375
D-MARKS .							
OK81	750	1992 .	10	. 91	991	Deutsche Bank	9.330

Crown Zellerbach‡	100	1992		6	1004	SBC	6.680
Tokyo 5tyle**§‡	60	1988		61	700	5BC	6.500
World Bank**‡	200	1987	_	7,	100	CS	7.250
Sekisul Prefab Homes	70	1992		51	•	UB5	•
	7001	7000				UB5	
	100	1992				OB3	
STERLING					69.572		14.147
STERLING World Bank‡ DUTCH GUILDERS	100	1992		14	99.532	Baring Bros.	14.147
STERLING			5		99.532		14.147

yet priced, ‡ Final terms, ** Placement, † Floating rate note, © Minimum, § Convertible, †† Regis J.S. Securities and Exchange Commission. Note: Yields are calculated on AIBD basis.

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Familiar fears thwart rally

last week. But while spring is making some people nervous. might have been in the air, it Furthermore, the continuing was not in bond prices. For budget impasse in Washington the second time in a fortnight, means the dark sbedow of a half-hearted rally got bogged treasury borrowing still hangs down by familiar fears about over the market, obscuring the the money supply, and most interest rates ended the week little changed. Tomorrow's a mere 0.2 per cent last month. meeting of the Fcderal Reserve's policy-making Open Market Committee will probably occupy the market for the

next few days. The rally was triggered by a sharp fall in the Fed funds inter-bank rate dropped from 15 per cent to 13 per cent and enabled traders to finance bigger position at the long end of the market. But the bullish mood steadily evaporated amid warnings from analysts that the money supply is about to go shooting up agaio. By Friday, bonds had given up all their gains and were, it anything, showing net losses on the week. But although the Fed funds rate also edged back up again, it stayed helow the previous week's high levels, and this held down other short-term

One tiny mid-western bank offered a string of short to medium dated zero-coupon notes cut its prime rate from 16! per cent to 16 per cent. The big banks beld their ground, but a small and and a string of short to medium dated zero-coupon notes yielding between 14.20 and 14.75 per cent. small cut might be possible this week if the lower rates hold.

The money supply gurus are predicting a huge bulge in April, of the order of the \$10bn surge in January which set the alarm bells jangling and put an market. Their forecasts are amount of zero-coupon notes, based on the seasonal bulge The Treasury will be absent that always comes in April, and the swkward timing of next bill auction tonight. But thanks month's social security pay to its unusually flush cash month's social security paymeasure, still running some way above the Fed's target, this was enough to trigger fears on Wall Street that the Fed would be forced to clamp down again. It is apparently no consolation to the markets that the bulgeif it comes-might be largely

technical. with an aberrant money supply 3-manth co little room to tighten without wreaking severe damage. How-

encouraging news on inflation. The consumer price index rose

Wall Street did get a small break this week, however. The Treasury was forced to abandon plans for a loog-term bond issue because Congress failed to increase its authority to tap the relief will be temporary and could even backfire. Treasury will have to borrow the money somewhere, either by selling bonds later on when its

authority has been renewed, or by borrowing more heavily on the short-term market. Wall Street would prefer as little disruption as possible.
The market's shaky state dis-

couraged would-be corporate borrowers last week. Of a potential \$2bn calendar only about \$500m actually made it. Armo. shoom actually made it. Armoo, the big steel company, sold \$100m of seven-year notes yielding 15.25 per cent, and Fluor Corporation, the Californian

This week's calendar includes Bank of America's novel \$500m of small denomination zerocoupon notes for the individual saver. They will be sold in five. eight, and ten year maturities.
John Deere, the farm equipment company, is down for \$100m in alarm bells jangling and put an floating rate notes, and J. C. end to the Christofas bull Penney, the retailer, for a like except for its regular treasury ments. With Ml, the main position, it has slightly reduced the size of the auction, and will only roll over maturing bills.

David Lascelles

U.S. INTEREST RATES (%) It is presumed that the FOMC Fed. funds wkly. ov. 14.01 15.09 will decide on a policy to cone 3-month Tress, bills 12.78 12.96 14.50 at its meeting tomorrow. With 20-year Treas, bonds 13.48 13.49 the economy still weak and AAA Uni. 16.00 15.88 interest rates—paradoxleally— AA industrial 15.25 15.13 high, the Fed seems to have Source: Saloman Brother's (estimatos) .-

Payouts for 1980 and 1981 from Laenderbank

BY PAUL LENDVAI IN VIENNA

THE CROCUSES finally burst ever, M1 has been consistently reichische Laenderbank, Aus- on federal bonds and the cor- the bonk reported a net into bloom around New York above target all year, and that tria's third largest bank, has exament, which owns 60 per profit of Sch 34m against Sch and a cash flow of the bank, will guarantee the interpretation of the bank, will guarantee the interpretation of the bank, will guarantee the interpretation of the bank will guarantee the interpretation of the bank will guarantee the interpretation of the bank will guarantee the interpretation of the bank will guarantee the bank and the correction of the bank will guarantee the bank and the correction of the bank will guarantee the bank and the correction of the bank will guarantee the bank and the correction of the correction of the bank and the correction of the correcti per cent dividend for last year repayment of the principal. and an identical sum retroand director general, said.

> The bank had not paid a dividend for 1980 because it has been hard hit by bad debts from some of its major industrial borrowers.

Dr Vranitzky, who took over a year ago with a completely new top management team, said the bank's cumulative losses from a number of difficult years was Sch 4.5bn of which the bank could cover only Sch 1.4bn from its own reserves. A last minute agreement

bank's annual meeting on Friday virtually guarantees the passage through parliament of a large support package The Treasury will now be able to provide about Sch 300m this year alone to make up for the interest income lost from

the bad debts. The interest

between the Government and

the opposition just before the

THE BOARD OF Oester- will be equivalent to the yield to Sch 22.4bn.

Laenderbank now believes it actively for 1980 as "a sign of will be able to cope on its own component of the balance sheel confidence being regained in with the interest and principal to 36 per cenl from 30 per cent the bank's earning power." Dr burdens of the bad debts a year earlier clearly reflects Franz Vranitzky, its chairman within the next 10 years to 12 the bank's efforts to improve within the next 10 years to 12 the bank's efforts to improve years. It had earlier forecast a 25-year period.

Dr Vranitzky said the bank had made substantial progress turbulent year." The halance sheet total rose by 12.7 per cent

Dr. Vranitzky hinted that the

Murray and Roberts well ahead

BY THOMAS SPARKS IN JOHANNESBURG

MURRAY AND ROBERTS, the management, increased group operating profit after tax to months to December. In the first half of 1980-81 profit was R14.1m and for the full year

Sch 312m against Sch 77m.

The increase in the foreign earnings through foreign exchange and export finance business.

in 1981 which he called "a Treasury has approved in principle an increase in the bank's Sch 900m capital to Sch 133bn and savings although neither the size nor deposits rose by 7.8 per cent details have been discussed yet.

South African holding company curred in a joint venture oil rig with major interests in construct manufacturing operation but tion, engineering and project construction activities produced R24.1m (\$23.1m) in the six ings of 101 cents a share com-

Substantial losses were insignificantly improved results The interim dividend is 15 cents against 11 cents from earnpared with 76 cents. For all 1980-81 earnings were 156 cents a share and the dividend total

Ford to borrow from employees

By David Lascelles in New York FORD. America's second largest car manufacturer which has been making huge losses recently, is to launch a special investment fund to enable it to borrow money directly from its own

employees. The fund will be adminislered by Ford Motor Credit, the company's finance subsidiery whose credit standing was recently downgraded by the New York rating agencies because of Ford's losses, and whose access to the credit markets was, as a result, curtailed.

The scheme will take the form of a money market fund except that all the money invested will be used to buy Ford Credit Paper. Money market funds usually invest in sbort-term securities such as Treasury bills and commercial

Ford's 70,000 salaried workers will be eligible to invest in the fund, and their participation, Ford said, with be voluntary. Ford will determine later wbether to extend it to its hourly paid employees as well.

Interim dividend up at SHK Properties

BY ROBERT COTTRELL IN HONG KONG

RECURRENT EARNINGS at down by 43 per cent lo HK\$311.1m (\$53.4m).

increase over the adjusted 19 cents of last year's first-half.

The directors say that if and Son Hung Kai Properties when interest rates start to fall, advanced from HK\$270.1m to sales of property will be re-HK\$287.5m in the six months activated to their former level, to end 1981. But there were The price of flats is stabilising. The price of flats is stabilising most properties to be completed to end 1981. But there extraordinary gains of only most properties to be compared extraordinary gains of only most properties to be compared with by the group in the second-half that lotal second-half expected thal lolal second-half profits will exceed those of the The interim dividend is 24 first half. The board expects to cents per share, a 25 per cent meet its forceast of a 64 cents dividend total for the year,

Last Seplember the company The board says the Hong announced a HK\$484m rights Kong property market bas been issue and a one-for-four scrip sluggish since the second half issue. Proceeds from the rights of 1980-81 and presales as issue would be used to meet the principals and sales as agents cost of building Sha Tin town totalling HK\$520m in the half centre, to increase the comwere satisfactory compared with pany's mortgage loan portfolio, the 1980-81 interim lotal of and to purchase new sites for development.

Hong Kong bank lifts profits BY OUR HONG KONG CORRESPONDENT

THE UNION Bank of Hongkong A final dividend of 35 cents has announced net profits, including extraordinary items and
after providing for transfers to
inner reserves, of HK\$112.4m

HK\$1.15. The directors of the for the year to December 1981, bank expect to be able to at least an increase of 42 per cent over maintain the dividend total in the HK\$79.3m seen in 1980.

the current year.

Chairman for Midland Bank France

Mr Marc Vuillermet, an executive director, has been appointed chairman of the executive board of MIDLAND BANK FRANCE in succession to Mr Herve de Carmoy, who will remain an executive director. TIONS INC., New York, has ap- INC., Houston, has appointed Mr de Carmoy, a general manpointed Mr Elliot Goldman as a Mr Albert W. Angulo as vice Mr de Carmoy, a general man-sger of Midland Bank, will remain executive chairman of BCT Midland Bank, the publicty-quoted bank in which Midland bas a controlling interest. Apart from retaining overall responshibility for Midland Bank's business in Europe, Mr de Carmoy is taking on additional duties in Midland Bank International Can WORLD AIRWAYS.

Mr John J. Casey, chairman of Braniff International, has been elected executive vice president-operations of PAN AMERICAN WORLD AIRWAYS.

Mr Glenn W. Dodd bas been

tional, London.

Monsienr Roger Alloo. Brussels, bas requested for cago, has named Mr Donald E. personal reasons to take early Norman to the newly-created retirement as an executive position of vice president—man-director of the Bank. His request agement information systems. He has been granted, but he will formerly held the same position remain a member of the board with Target Stores, discount divi-

normal age timit for directors of 70. The executive committee has asked him to retain uotil December 31 1984 the chairmanship of Banque Belge, London, Betgian and General Investments, and Baoque Européenoe pour l'Amerique Latine (B.E.A.L.), together with the deputy chairmanship of Banque Générale du Luxembourg.

 WARNER COMMUNICAvice presideot. initial activities will primarily

Mr Glenn W. Dodd bas bee ● Monsient Roger Alloc, a appointed controller for SANTA managing director of SOCIETE FE INDUSTRIES, INC., Chicago. GENERALE DE BANQUE, ● MONTGOMERY WARD, Chi-

of the Bank until he reaches the sion of Dayton Hudson in DHABI has appointed Mr Mr Eart E. Morris has been

INTERNATIONAL APPOINTMENTS

elected sector vice president— production, and Mr Bill Stauss. vice president—production and eogineering of WILLIAMS EXPLORATION COMPANY. • Dr Heinz Kundert has succeeded Dr Kurt Hess as chairmao of MASCHINENFABRIK RIETER AG, Winterthur. WORLEY ENGINEERING.

president. Mr Angulo's primary responsibilities will be associated relate to the record and music with project financing and publishing divisions.

• Mr John J. Casey, chairman of Braniff International, has appointed Mr Jim Ingham to the new post of North American sales manager. He was a mar-keting consultant to Mitsubishi Heavy Industries of Japao. He will operate from the offices of Ryders pareot, the Gulf and Western Manufacturing Com-pany in Detroit.

Mr Lawrence A. Bennigson, vice-president of MANAGE-MENT ANALYSIS CENTER, has been promoted to senior

George J. Van Dalen as general manager, treasury division. He was vice-president with Citi-bank, most recently regional-treasurer for Middle East/Africa treasurer for Middle East/Africa
division, based in Bahrain.

Mr Tommaso Zanzotio bas
been named senior vice-president
general manager, consumer
financial services group, Europe/
Middle East/Africa, AMERICAN
EXPRESS COMPANY, He will
be the chief operating officer

Mr Corporation of group vice-president
of QUANER CHEMICAL
CORPORATION. San Antonio,
succeeding Mr Harold O'Kelley.
Chief operating officer is a newlycreated position. In addition Mr
CORPORATION from April 1.
O'Kelley becomes acting chief
financial officer. Mr Gistaro was
American Express Card and for busiless activities outside formerly executive vice-presidresponsible for managing the American Express Card and travellers cheques activities in Europe, Middle East and Africa.

MATIONAL MERCHANT NATIONAL MERCHANT of PPG Industries' chemical BANKERS Bhd has appointed division.

Enelk Bakhtiar Tamin as its director-cumgeneral manager, has joined LUCAS AEROSPACE he succeeds Datuk Mohd Salleb as vice-president marketing-North Vissaf who has become executive. Yasof who has become executive American and will be based in director of Perwira Habib Bank Dallas, Texas. He joins the com-Yusof who has become executive Malaysia Bhd. Prior to joining MIMB, Entik Bakhtiar was the partner-in-charge of the management consultancy division of Hanafish Rasian and Mohamad.

• Mr Peter Sulzer, group management member of Sulzer

and Mr Ulrich Ammann, chairmen of Ulrich Ammann Baumas-chinen, bave been nomloated to join the board of UNION BANK OF SWITZERLAND from April 15. They will succeed Mr Georg dent, based in Bahrain.

for business activities outside Quaker's traditional products and markets. Mr Zapp was vice-presi-N INTER- dent planning and development MERCHANT of PPG industries' chemical

> pany from Mortin Marietta of a career in the U.S. Air Force, from which he retired with the rank of Brigadier General in 1977.

> > Bid Offer day week Yield 100 101 -11, +01, 8,17 100 101 +03, +01, 8,24 1011, 1021, -04, -05, 8,57 97%, 364, -05, +04, 8,35 1001, 1011, +01, +03, 8,09 In day -0% on week +01,

Change on d Bid Offer day week Yield 1981; 99 -01; +01; 17.18 1993; 99 -01; +01; 17.18 1993; 99 -01; +01; 16.47 1882; 99 -01; +01; 16.47 1882; 99 -01; +01; 16.47 1783; 99 -01; +01; 16.47 1783; 104; +1 +1 +1 +6.28 1100; 104; 0 +01; 10.98 100; 101; 0 +01; 10.98 100; 101 +01; +01; 10.98 100; 101 +01; +01; 10.16 105; 1051; 001; +01; +1 10.16 105; 1051; 001; +01; +1 10.16 105; 1051; 0 +01; 10.45 1001; 1001; +01; +01; 10.45 1001; 1001; +01; +01; 10.37 391; 901; -01; -01; 17.63 911; 921; +01; -11; 17.63 911; 921; +01; -11; 17.86 941; 951; 0 +01; 17.12 901; 911; 921; 0 +01; 17.12 901; 911; 921; 0 +01; 13.38 961; 971; 0 +01; 15.33 981; 941; 0 +01; 13.38 961; 971; 0 +01; 15.57 1001; 101; -01; +01; 15.57 1001; 101; -01; +01; 15.51 971; 981; 0 +01; 15.04 981; 971; 0 -01; 15.04 981; 971; 0 -01; 15.04 981; 971; 0 -01; 11.18 927; 937; 0 +01; 11.18 927; 937; 0 +01; 11.18

Bid Offer C.dte C.cpn C.yld

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989, 991, 20/4 16.94 16.98

994, 1004, 27/7 164, 16.27

984, 991, 5/5 18 16.12

984, 991, 5/5 18 16.12

984, 991, 16/4 16.69 16.90

987, 989, 9/6 14.69 14.82

984, 991, 26/6 13.56 13.84

981, 1004, 30/8 161, 15.52

984, 991, 26/8 14.94 15.05

987, 981, 867, 16.31 15.41

994, 991, 30/4 17.06 17.15

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Bid Offer day

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divisions covering the Gulf and

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assume responsibility for all the
group's interests in the U.S.,

based in San Francisco He has been president and chief execu-tive officer of Theo H. Davies pany from Mortin Marietta of and Co., Jardine's wholly-owned U.S. where he was director, Hawaiian subsidiary, since 1976. Washington MX office, following He will become chairman of Theo H. Davies and will be succeeded as president and chief executive officer by Mr David The CHASE MANHATTAN marketing manager for Japan, vice-president.

Brothers, Dr Martin Junger, The CHASE MANHATTAN marketing manager for J.

NATIONAL BANK OF ABU managing director of Swissair, BANK has consolidated its Philippines and Australia.

(nominal value in \$m)

Previous week 1,188.0 1,406.6

* No information availableprevious day's price. † Only one market maker supplied a price... STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units

except for Yen bonds where it is in billions. Change on week=Change over price a week

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date

next coupon becomes effective.

Spread=Margin above sir-month offered rate (titree-month; above mesn rate) for U.S. dollars. C.cpn = The current

CONVERTIBLE BONDS: Denominated in dollars unless
otherwise Indicated. Cffg day=
Change on day. Cnv. date=First
date for cooversion into shares.
Cnv. price = Nominal amount of
bond per share expressed in
currency of share at conversion
rate fixed at issue. Prem=Percentage premium of the current
effective price of acquiring
shares via the bond over the
most recent price of the shares.

most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Generale du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank

du Luxembourg SA; Banque Internationale Luxembourg; Kredietbank Luxembourg; Kredietbank Nederland NV: Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bank of Tokyo International; Bankers Trust International; Credit Commercial de France (Securities) London; Citicorp International Bank; Daiwa Europe NV; Deltes Securities (UK); EBC; First Chicago; Goldman Sachs International Corporation; Hambous Bank; IBJ International; Kidder Peabody International; Manufac

Peabody International: Manufacturers Hanover: Merrill Lynch

Morgan Stanley International;
Morgan Stanley International;
Nikko Secarities Company
(Europe); Orion Royal Bank;
Samuel Montagu and Co. Scandinavian Bank; Societe Generale
Strauss Turbhull; Sundinate
Finance International; S. G.
Warhung and Co. Markey

Warburg and Co.; Wood Guzdy-Closing prices on March 26

C.cpn = The current C.yid = The current

Last week..... Previous week Other bonds Last week.....

BOND SERVICE

Mexico (United Mexican States)

US\$130,000,000 Retractable Bonds

Reiraciable at par at the option of the holder on March 5, 1985, 1988, 1991 and 1994, and payable in full on March 5, 1997. Interest Rate: 17½% until March 5, 1985 ' and thereafter as determined by the Issuer on March 5, 1985, 1988, 1991 and 1994.

Crédit Commercial de France

Algemene Bonk Nederland N.V. . Bank of America International Limited Bonk Brussel Lombert NV. • Credit Suisse First Boston Limited Deutsche Bank Aktiengesellschaft • Dresdner Bank Aktiengesellschaft Goldman Sachs International Corp. • IBJ International Limited Manufacturers Hanover Limited • Memill Lynch International & Co. Samuel Moniagu & Co. Limiied . Morgan Guaranty Lid Morgan Stanley International • Orion Royal Bank Limited Société Générale • Société Générale de Banque S.A. Swiss Bank Corporation International Limited . S.G.Warburg & Co. Lid. Yamaichi International (Europe) Limited

New Issue • Morch 5, 1982

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	FT INTERI	NATIONAL
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APS Fin. Co. 174 85 6 APS Fin. Co. 164 89 7	5 1034 1034 -04 -04 15.35	Finishd, Rep. of 83, 97
Armeo 0/S Fm. 13's 86 5 Australian Ind. 15'- 87 2		Jepen Aitlines 7's 87 New Zeeland 8's 87
Baker Int. Fin. 0.0 92 22 Jank Montreel 15% St 15	5 241 25 -02 +04 18.01	Average price changes
Br. Colum Hyd. 164 83 10	0 1031 1031 0 -04 15.33	CONTRACTOR AND ADDRESS AND ADD
Br. Calum. Mls. 17 97 5 Burraughs Int. 154 88., 5	0 100% 107% -0% -0% 15.47	Can. Utilizies 17 95 CS CIBC 15% 89 CS
Canadair 157- 87 156 Can. Nat. Rail. 149 91 100	0 1001, 1001, -01, +01, 15.34	Pancenadion 1672 88 CS
Cataline Power 151, 89 50 Caterpillar Fin. 751, 86 100	0 103 103 +04 +1 16.84	Quebec 17 ¹ 2 87 C\$ Queb. Urban 16 ¹ 4 86 C\$
CFMP 164, 96 10	7013 1024 0 -04 16:35	Tordem Cpn. 1612 86 C\$
CIBC 16 37 100	102% 102% -04 +0% 15,20	U. Bk. Nwy. 912 90 EUA
Citicarp O/S 164 88 150 Cons. Bethurel 174 88 60		Algemane Bk. 10% 88 Fl Amfaz Group 12% 86 Fl
Cons. Bethure1 171- 86 66 Con. Illineis 151- 89 100 Dupant 0/S 141- 28 400	102% 102% +0% +0% 15.10	Amro Benk 12 86 F1 Amro 8ank 12 86 F1
Oupont 0/S Cap. 0.0 90 300	34 347 -04 -04 14.61	Piersan 104 86 Fl
Gan. Elec. Credit 0.0 92 400	262 27 -04 -04 14.73	Rebabank 12 86 Fl 4
Gen. Elac. Credit 0 0 23 400 GMAC 0/9 Fin. 1612 84 300	1007, 1017, -04, -01, 15.79	Acons 14 85 £
GMAC 0/9 Fin. 16 84 300 GMAC 0/5 Fin. 16 88 150 Gulf Oll Fin. 0.0 92 300		Beneficial 14% 90 E BNP 13% St E
Gulf States O/S 177, 58 60 Japan Airlines 154 28 50 Japan Oev. Bk. 154, 87 80	104 104° -0° +0° 18.31	CECA 13 86 E
Japan Oav. Bk. 154 87 80	701% 102% 0 -0% 14.90	Fin. Ex. Cred, 134 86 E
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New & Lab. Hy. 174 89 75 Ohia Edison Fin. 171 88 75	1047, 105 -04 +04 16.06	J. Rothschild 14% 90 E Roysl Trustco 14 86 E 1
OKG 154 97 50	981 99 -04 +04 15.93	5wed. Ex. Cr. 134 86 £ 2 Eurofime 104 87 Luxfr 50
Pac. Gas & El. 15% 89 80	1031 1037 0 -01 14.83	EIB 94 86 LuxFr 60
J. C. Pennsy Gl. 0.0 94 550 Ouabec Hydro 17% 1B 150	1674 1074 -04 -04 15.60	FLOATING RATE
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Setkerchewan 164, 88 100	1031 1031 -01 +01 15.34	Benk of Montreal 54 91 04 Bk. of Tokya 54 91 (0) 05 Bk. Nove Scotis 54 93 04
Statelerates 15% 87 50	99% 99% +0% +0% 15 81	BFCE 54 86 04
5weden 141, 88 150 Swed. Ex. Cred. 161-93 75 Texas Eastern 157, 88 75	1014 1017 -04 -04 16.12	· Christiania Bank 5- 91 104
Transcaneda 15 89 100	100% 100% U +0% 15.79	Ca-Ban Eurofin 512 B1 04 Credit Nat. 514 94 404
Transcameda 15 89 100 Winnipeg 17 85 50 WMC Fin. 15-86 50	977 984 0 +04 15.82	Oanmark, Kngdm. of 92 03 Oan Naraks Cred. 63 93 04
Warld Bank 167, 88 130 Warld Bank 167, 88 100	103% 104% -0% +0% 16.41	Genfinance 54 92 04 GZB 54 92 104
World Bank 154 88 250 Average orice changes	99% 100% -0% +0% 16.23 On day -0% on week -0%	ind. Bank Japan 5% 86 0% Lloyds Eurofin 5% 93 50%
OFUTSCHE MARK	Chango on	LTCB Jopon 52 89 04
Australie 3 91 300	d Bid Offer day week Yield 102% 102% +0% +1% B.97	Midland Int. Fin. 9 91 04.
Australie B½ 91	102½ 102½ +0¼ +1½ 8.93 103½ 103½ -0½ 0 10.38	Nat. Wast. Fin, 51, 91 501, Nippon Credit 54, 90 01,
Comp. Tsl. Esp. 1012 92 100 Osamark 10 86 100	987, 994, -0% -0% 70.66 101 101% +0% +0% 9.73	Nordic Int. Fln. 512 91 014 Offshare Mining 5% 91 014
Denmark 104 82 100	1014 1014 104 107 9.92	Pernex 6 91 04
EEC 104 93 100	1021, 1027, -04 -05 B.74 1011, 102 +02 +03 9.48	PKbankan 5 91 04 Sanwa Int. Fin. 54 88 04
EIS 94 86	1014 102 +04 +04 9.48 1004 1004 +04 +04 9.82 1045 1054 0 +14 5.42	Sec. Pacific 54 92 04 Sec. Pacific 54 91 04
Ireland 101 86 100 Mexico 11 88 190	100% 101% 0 -0% 9.89 100% 101% -0% -0% 10.79	Societe Generale 5's 91 0's Societe Generale 5's 95 0's
Mt. 8k. Damk. 101- 91 100	7075 1024 0 +03 10.19	Standard Chort. 54 91 04
Nacni. Financiera 11 90 150 Nat. Weel. 94 92 100	99% 99% 0 +0% 11.09 103% 103% +0% +1 9.30	Sumitamo Fin. 5½ 88 0½ 5wadon 5¼ 88 0½
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UKB 94 86 150	100% 701% +0% +1 S.52	
Quabec 101, 92 150 Ruabec Hydro 101, 91 150	103 1031, 0 +01, S.59 1027, 1031, +01, +01, 8.70	CONVERTIBLE CITY. BONDS data
Tauarnautobahn 97, 94 50 Vanozuele 111, 91 100	101 101', -0', +0', 9.99 '100', 101', -0', -0', 11.32	Ajlnamoto 54 96 7/81
World Bank 10 91 250	103 103 0 -01 9.44	Bow Vellay Inv. B 95 4/81 Bridgestone Tire 52 96 3/82
SWISS FRANC	On day +04 on week +01, Charge on	Canon 6% 95 1/81
Antett Transport 75 82 50	d Bid Offer day week Yield	Fujitsu Fenuc 41, 96 10/81 Fujitsu Fenuc 41, 96 7/81
Asian Day, Bank 8 90 80 Australia 64 93	1021, 1021, +01, -01, 7.17 1031, 1031, -01, +01, 7.46 103 1031, +01, -01, 6.36	Hanson O/S Fin. 94 96 B/81
Bargelectric 74 91 80	1004 107 +09 +09 7.38	Hitachi Cablo 54 96 2/82 Hitachi Crad. Cpn. S 96 7/81
Ball Canada 74 93 . 100 Bat. de Autopistas 8 90 50	105-105-105-1+0-1+0-6.54 100-1-100-1+0-1-0-7.95	Honda Motor 51, 97 3/82 Inchcepe 8 85 2/81
Co-op. Denmark 82 92 25 Osnmark 74 91 100	1027 1037 +07 +07 7.93 1007 1007 +07 +07 7.19	Kewasaki 53, 96 9/81
E 8 74 92 100	101 1011. 0 -01.700	Marui 8 56
ENEL B 92	101 101 2 +01 +02 7.79	Minorca 94 87 5/82 Murata 54 96 7/81
Japan Air Lines 72 91 100	-105 1054 +04 TO 6.51	Murata 54, 95
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Niagon T. and T. 64 92 109 OKB 74 92 100	162 1024 + 64 - 04 7.68 1024 1024 - 04 + 04 8.28	Orient Finance 54 97 3/82 Sanya Electric 6 96 10/81
05t. Oonaukraft 7 92 100	101 107- +04 +04 6.83	Sumitomo Elec. 51, 97 3/82 Sumitomo Met. 51, 9610/81
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Unitered NV 71- 93 100 Walld Bank 6 51 100	10/4 10/2 U +0% B.57	The Financial Times Lid.,
Average price changes	105% 105% +0% +1% 7.14 on day +0% on week +0%	or in part in any lors not consont, Osta supplied by C

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BURVICE

WEEK'S FINANCIAL DIARY The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly

for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

Notion
DIVIDEND & INTEREST PAYMENTS
Canadian and Foreign inv. Tgt. 3.85p
Scottish Unit Investors 1.05p
Stock Conversion and Inv. Tgt. 1.78p
Thysics AG DM 100 D4 (DM)
D6 CD8R DM 10 D4 (DM) Interiors

Eness Lighting
Ferry Pickering
DIVIDEND & INTEREST PAYMENTS
1984 1992 1995
Party Pickering
DIVIDEND & INTEREST PAYMENTS
1993 1992 1996
Goode Darrant and Murray Co. DEND & INTEREST PAYMENTS Agronepical General Instruments 41-pcPf 1.575pc
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Assam Trading Hidgs 5.6pcH 2.45pc
Assad British Epolineering 7pcH 2.45pc
Assad British Epolineering 7pcH 2.45pc
Assad Revisional Strate final payment)
Assad Newsyapers Gro Liss 31s, 45pc
Assad Paper Inds 55pcH 1.925pc
David Newsyapers Gro Liss 31s, 45pc
David Newsyapers Gro Liss 31s, 45pc
David Newsyapers Grow David Newsyapers
British Dh 3cc
Bank of Ireland Ln 32pc
Bank of Ireland Ln 32pc
Bank of Ireland Ln 32pc Bank of Ireland Ln 3½pc

Bardsey 7pc Prf 3.5pc
Barker 8 Dobson Ln 5kk 3½pc
Barker 8 Dobson Ln 5kk 3½pc
Barsow Hepburo Gro 7.75pc Prf 3.875pc
Bess Dek 4.325, 5.325, 4½, 1½, Lns 2½
5ass Inv Lns 5, 5.6875pc
Bessmont Props Sik 4pc
Beecham Grp Ln Comp ceny of the 5pc
Uns Ln 5kk 84,94 on 313 with accrued
Int to resymt data, Ln 44pc
Beenrose 7½pc Prf 3.625pc
Bensons Hoslery Hidgs Ln 8pc
Berdon Rabber Est D.3a
Serisford 5 & W 5pc Prf 1.75pc, 7½pc
Prf 3.625pc
Birmid Qualcast Ln 3½pc
Birmid Qualcast Ln 3½pc
Birkel Clausen Int Deb 3sc
Birack-Clausen Int Deb 3sc and District Dyers and Finishers Blackwood Hodge Spc. 71-pc Prf 2.82Spc. Bips Circle Ind 51pc. Prf 1.92Spc. Deb 2-pc. G Smatter Cos. Fund Inc. 4 8 sc. SpcFret. 1.575 sc. SpcFret. 1.575 pc. Debs 2. 4% ys Phermaceuticals 5 toporret. 1.925; Fret. 2.1 pc. Jodale Debs. 1%, 4 pc. Rassel 4.2pcPret. 2.1 pc. SpcPret. 5.8pcPr. 2.95pc Southerns 3o. 8.25pcPret 2.825 Ests. 4 bacPref. 1 575 pc.
ills (Hailfard) 10.
ii Thomoson and Evershed Ln. 34

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

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Myer Udonzage L.) Lns 34. 44 pc.

Michelin Tyre Deb. 44 pc.

Michelin Tyre Deb. 44 pc.

40ler (E.) (Textilan) 11pc/f. 5.5pc

40ler (E.) (Textilan) 11pc/f. 5.5pc

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COMPANY MEETINGS—
ouch (Derek), The Gt Northern Hotel,
whethorough 12.00
psycling inv. 3. Crosby Square, E.C., or (Samoell Deb. Spc ingger Proc. 0.525a coad 5'-popt, 1.925pc. . Do. Las. 2's Japo . Spc 11-pc me Hudson SpcPri 2.8a t 15sc Hudson SpcPri Z.Bsc t Tea 12.5p ham Strechen and Playne ipe trust 1.19c an invest. Deb. 3 usc ekombers 74.0cPri. 2.825pc. Do. 6pc With the company Thorris work of the Pri. 2 loc Xerox Corp. 75 cts. FRIDAY APRIL 2 COMPANY MESTINGS—

COMPANY MESTINGS—
Highouries, Huddersteld 12.00
Wegon Finance. The Hallsm 70
House Hotel, Sheffleid 12.00
BOARD MEETINGS—

Pf 1.75p Electric Traction Deb Zienc Lumb SpcPf 1.75pc 4 45pc a RipePf 2.775pc, 10ncPf 5pc Inds Lu 35pc Engineering Gep 10ispcPf 5.25. Pf 5pc

An experience of the control of the Grp., 1.239, Dc. A 1.239. Dc 10.859 Security Grp., 1-259, De. A. 1-249, De. 8-boch, 10.859
Security Services, 2e. Do. A. Zp.
Tete and Life. 7.5p Growth Tet. 0.81250
Tete Security Services, 1.53750
Water Finance 1.53750
Water Finance 1.53750
Water Hives... 3.010
Western Selections and Derpt., 1.38
Wicolast Grp., 1.158
Williagraphy's Core. 3.359
SATURDAY APRIL 3
DIVIDIND & INTEREST PAYMENTS—
Victor Froducts (Williagnel), 15pcPt. 2396

Dutch invest, Tet. Pri. (120) Pri. (2nd) Fl.2.5, Do. Part 95y (1081) Inti. Tst. Deb. 24pc Scottish lavesters Sectri.

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nent cannalies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland.



Banco Nacional de Obras y Servicios Públicos, S.A.

U.S.\$150,000,000

171/4 per cent. Bonds 1992

Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the Bonds:-S. G. Warburg & Co. Ltd.

Arab Banking Corporation (ABC) Banque de Paris et des Pays-Bas

CIBC Limited Commerzbank Aktiengesellschaft Daiwa Europe Limited Kredietbank International Group

Lloyds Bank International Limited Merrill Lynch International & Co. Nordic Bank PLC

Westdeutsche Landesbank Girozentrale

Banque Nationale de Paris Chemical Bank International Limited Citicorp International Bank Limited Crédit Lyonnais

Dresdner Bank Aktiengesellschaft Kuwait Foreign Trading Contracting & Investment Co., (S.A.K.) Manufacturers Hanover Limited The Nikko Securities Co., (Europe) Ltd.

Orion Royal Bank Limited. Wood Gundy Limited

The 30,000 Bonds of U.S. \$5,000 each have been admitted to the Official List of The Stock Exchange of the United Kingdom and the Republic of Ireland, subject only to the issue of the Bonds. Interest is payable annually in arrears on 15th April, the first such payment being due on 15th April, 1983.

Particulars of Banco Nacional de Obras y Servicios Públicos, S.A. and the Bonds are available from Extel Statistical Services Ltd. and may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 13th April, 1982 from:—

Rowe & Pitman, City-Gate House, 39-45 Finsbury Square, London EC2A 1JA.

29th March, 1982

This advertisement complies with the requirements of the Council of The Stock Exchange.

U.S. \$100,000,000

GMAC Overseas Finance Corporation N.V.

(Incorporated with limited liability in the Netherlands Antilles)

Retractable Notes Due 1st April, 1997

Unconditionally guaranteed as to payment of principal and interest by

General Motors Acceptance Corporation

(Incorporated in the State of New York)

The following have agreed to subscribe or procure subscribers for the Notes:

Credit Suisse First Boston Limited

Banque Bruxelles Lambert S.A.

Crédit Lyonnais

Deutsche Bank Aktiengesellschaft

Kidder, Peabody International Limited

Morgan Stanley International

Orion Royal Bank Limited

Salomon Brothers International

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation International Limited

Union Bank of Switzerland (Securities) Limited

Yamaichi Securities Company, Limited

The issue price of the Notes is 99½ per cent. The Notes have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes.

Interest is payable annually in arrears on 1st April, the first payment being made on 1st April, 1983. The Notes are redeemable at the option of the holder on 1st April, 1985, 1988, 1991 and 1994 as of which dates the interest rate may be adjusted. The interest rate for the first three-year period will be 15½ per cent. per annum.

Full particulars of the Notes are available in the Extel Statistical Service and may be obtained during usual business hours up to and including 13th April, 1982 from the brokers to the issue:

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

29th March, 1982

This announcement appears as a matter of record only



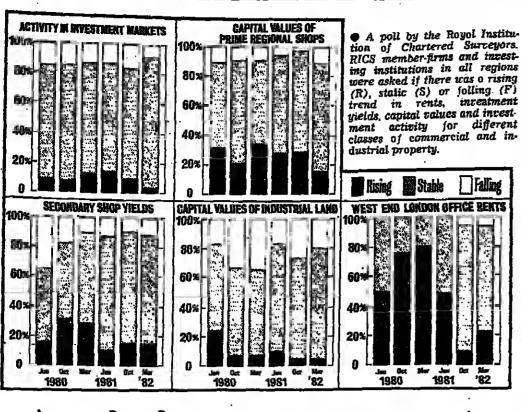
Dfls 100,000,000 1134% Bonds 1982 due 1988/1997

BANK MEES & HOPE NV

KREDIETBANK INTERNATIONAL GROUP **KUWAIT INVESTMENT COMPANY (S.A.K.)**

SWISS BANK CORPORATION INTERNATIONAL LIMITED

March, 1982



Anxieties among agents

THE IMPACT of government the City of London, where a measures designed to encourage the building of factory nursery units and to provide incentives for tenants and investors in enterprise zones is still case of concern are concentrated in the industrial sector.

Areas of concern are concentrated in the industrial sector. anxiety among commercial

The 19th Business Indicators Poll conducted jointly by the Royal Institution of Chartered Surveyors and the Financial areas have a substantial surplus Times shows that agents and of industrial nursery units. zones are having on land and property values: and at the level of over-building of industrial nursery units.

In a special question agents and investment institutions were asked what effect government concessions on enterprise zones and norsery units had made on traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditional supply-and-made of traditions o demand patterns.

The table shows that, in the main, the market remains flat than 1,250 sq ft. with prime property invest-ments continuing to display resilience in the face of reces-of industrial building allow-

Property yields at the top end of the market are still holding their own in spite of pressures of recession and attractions of higher yielding investments in other areas of economic activity. Investment demand for prime properties remains strong.

There appears to be little market are still holding a wider range of property uses: building 75 per cent including 75 per cent investors in creating nursery units and several developments building sused for "certain serbuilding sused for "certain serbuilding used for "certain serbuilding units and several developments in creating nursery units and several developments have been undertaken. However, the demand from occupiers said: "Concessions on small bas been thrifted, which bas increased supply in meant the letting of several developments in creating nursery units and several developments in creating nursery units and several developments in creating nursery units and several developments in creating nursery units and several developments in the North-West one agent investors in creating nursery units and several development

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trated in the industrial sector. where there is a surplus of accommodation—a lot of it released by factory closures.

The poll shows that many property investors are con- Agents warned that it may take cerned at the impact enterprise tima before demand rises sufficiently to match supply.

Construction of small indus-trial units has been encouraged by the 100 per cent building

month, Sir Geoffrey Howe an-Agents were also asked to nounced that the present comment on general movements in commercial property rents, capital values, investment yields and market activity.

Hounteet that the present scheme, due to run out next year would be extended for a further two years, but 100 per cent first year allowances would only apply to buildings of not more

ances - including 75 per cent

The property market, however, remains nusure about how much the Chancellor is really giving away. Initial satisfaction following the Budget speech has given way to disquiet that the widening of the definition of what qualifies as an acceptable industrial use may not mean much in practice. Details pub-lished in the Finance Bill last Friday appear to confirm this suspicion.

There is serious concern about the state of the nursery unit market. The Chancellor estimated that about 5,000 small workshops had been constructed for letting to small businesses—at an estimated cost of £125m to £150m—since the scheme began in 1980. The actual size of the nursery unit market is in fact greater as these figures will not include buildings which have been erected and remain unlet.

various parts of the country and distribution which presently during the latest RICS/FT do not qualify for the 100 per Business Indicator Poll.

In the South-East agents said: shown by developers and the North-West one agent

Compared with three months a	go:	an a	END	GLC	(EX-LON.)	N	NW	ANGLIA	HUMBER	MIDS.	MIDS.	244	3CO1.	WALES		IUNAI
QUESTION I										<u></u>				=4		
What is the trend in rents?		% 70	% 22	%	% 26	% 10	%	%	%	%	%	%	%	*	% 17	% 16
	R	70	22		26	10		20	0					.0	17	16
(a) Offices	5	30	71	9 1	70	50	700	78	93	91	93	90	93	. 89	#3 0	78
	F	0	<u> </u>	0_	4	40	0	10	7	9	0	5_	0)]		
	R	17	9	12	21	10	21	30	22	18	23 .	21	.0	<u> 25</u>	33	19
(b) Prime Regional Shops	\$	83	82	82	75	70	71	- 70 ·	78	82	49	74	62	75	50	74
	<u> </u>	0	<u> </u>	0	4	20	8	_ 0	0	0	8	5	38	0	17.	. 7
	R	18	10	9	23	22	23	30	73	30	8	11	0	25	17	17
(c) Secondary Shops	Š	73	80	82	58	67	69	70	77	70	84	78	83	62	66	72
	F_		10	9	19	11	8	10	0	0	8	71	17	13	17	11
	R	20	0	9	0	0	8	0	0	0	0	. 0	0	0	0	2
(d) Modern Factories	S	80	7 DG	91	89	33	84	91	60	25	67	90	83	75	0	78
	F		0	0	11	67	8	ġ	40	25	33	30	17	25.	100	20
	R	20	0	9	a	0		0	0	0	0	0	0	0	0	2
(e) Modern Warehouses	2	80	100	91	89	40	84	91	60	75	67	90	85	78	17	78
	_ <u>F</u>	0	0	0		60	8	9	40	25	33	10	15	22	83	20
QUESTION 2								 .								
What is the trend of invest yield	k?															
_	R	0	7	Ō	0	20	0	0	7	0	*	- 6	7	0	20	4
(a) Offices	S	82	93	108	92	70	100	196	93	190	78	ग्रे	86	75	60	88
	F	12	G	0	8	10	0	· · ·	Õ		14	17	7	25	20	8
	R	7	ō	9	4	10	0	70	8	9	0		7	14	17	6
(b) Prime Regional Shops	S	85	100	9Î	. 92	96	100	90	84	8 2	700	77	86	72	50	8.5
	F	8	0	Ö	4	Õ	0	ő	~	9		17	7	14	33	6
	R	9	0	25	8	10	17	10		10		17	15	14	17	14
(c) Secondary Shops	Š	91	83	~	69	90	83	. 80	· 21 58	80 .	33 67	72	. 71	72	50	. 74
	F	0.	17	9	23	70	õ	10	21	10	ő	iī		. 14	33	12
	R	9	0		8	22	29	0	25	0	36	12	15		33	14
(d) Modern Factories	Š	91	100	100	88	56	71	91 ·	62	92	8	82	77	86	33	80
	F	0	Š	0	4	22	ò	9	13	1 •	· ·	- 6	· 8	14	34	6
	R	9	0	0	8	33	29		18	0	29	12.	75	0	40	13
(e) Modern Warehouses	S	91	100	100	88	56	71	91	69	92	71	82	77 .	89	20	80
	F	0	0_	0	_ 4	11	Ô	9	13	8 .	Ó	6 -	8	11	40	7
QUESTION 3														· ·		
What is the trend of capital value	15 ?													•		
	R	59	17	. 9	28 ·	10	0	10	0	0	20	17	0	11	0	74
(2) Offices	S	41 0	66	91	68	40	· 100	80	92	91	73	83	93	78	. 50	76.
	<u></u> -		17	0	4	50	0	10	. 8		. 7	<u> </u>	7	. 11	20	8
the many many and and an	R	9	10	9	25	10	1	30	15	18	15	17	. o	29	17	13
(b) Prime Regional Shops	S F	91	80	82 9	7]	60 .	84	70	71	82	85	ग्र -	62.	57	. 20 -	74
			10		4	30	8	<u> </u>	14 .	0		6	38	14		11
(c) Secondary Shops	R	20 0	11	9	24	0	.0	20	21	30	0.	6	_0	29	. 20	12
(c) Secondary Shops	S F	10	67 22	73 18	40 36	80 20	. #3 - 17	60	43	70	64	83	73	57 14	60	66
									36	0	36	11	27		20	22
d) Modern Factories	R	20	34	Q	0	. 0	0	_0	.0	_0	. 0	S	_0	_0	0	
d) Modern Factories	S F	60 20	66 0	.00 .0	85 15	33 67	84	73 27	. 44	75	60	85	67	71. 29	25 75	71
							16		56	_25	40	ю	33			27
(e) Modern Warehouses	R	20	100	- 0	.0	0	0	0	_0	_0	.0	_5	0	0	0	2
e) Modern Warehouses	5 F	60 20	100 0	100. O	81 19	44	84	73. 27	50 50	75 25	67	79	6	78 22	. 0	71
						_56	16				33	16	33		100	27
f) industrial Land	R	72 78	34	700	4	.0	0	20	Ę0	0	.0	. 0	0	. 11	20	_3
·) winnistian walk	F	ő	66 ·0	100 0	74 22	70 30	69 31	73 27	56 44	84	80	94	92	78	20	77
0.000		<u> </u>		<u> </u>		30	- 31		44	<u> 16 .</u>	20	•	. 8 .	11	60_	20
QUESTION 4	10	0	^	•					~	70		_				_
Activity in Investment markets	R S	100	0 190	100	88	20	T00	9 19	80	18	83	S	7	-0	0	3
	-				90	90	100	71	OU	82	6.3	73	66	71	50 .	89
ACCOUNTY OF INVESTMENT HAIRES	F	0	0	0	2	80 20	0	9	13 .	0	17	95 0	7	29	50	. 8

REST SE GLC (EX-LON.) N

The depth of concern is users.' The majority of demand indicated by comments from for small units is for warehouse cent allowance.

A similar picture emerges in Considerable interest has been a number of other regions. In

tenants; some of which preferred cheaper accommodation in lock-up garages and older redundant factories.

Equally, the size of units provided tended to be towards side the Trafford Park enter-the upper qualifying limit of prise zone, Manchester, have the upper qualifying limit of 2,500 sq ft. This is often more space than a business just property values bave fallen

zones were having on property an unfair advantage. activity. Investment demand for difficant for the nursery unit scheines has been slow."

been taken up but supply is values. Tenants, property A number of agents reporting experiment prime properties remains strong.

There appears to be little unable to get their 100 per cent "There bas been an increase in movement in rents—apart from allowances unless the building supply of nursery units but may have added to their own wide range of financial benefits modation inside zones had often lands

properties inside the zones; sometimes with unfortunate effects for land and property values immediately ontside.

Businessmen operating outalready complained that their starting requires.

Agents also expressed concern at the impact enterprise operating inside the zone have

Date

many of them are now standing problems. More than one agent and incentives including a 10-been at the expense of other which has 26 trading estates in empty because of the strict in the South East said that year holiday from paying local local areas.

The majority of demand been too high discouraging clearly enhance the value of Hartlepool Enterprise Zone, the estate in the enterprise One agent, referring to the All units currently available on Hartlepool Enterprise Zone, said: "There has been an increase in demand for premises estates, similar in specification,

increase appears to be at the let at anything like the same expense of other properties in rate." the same region. There is no indication of any significant interest from firms outside the local region."

There certainly appears to be zone a boundaries. This has led strong demand for accommoda-some developers to complain strong demand for accommodation in a number of the new that landowners are receiving that landowners are receiving the effect of benefits originally experience of the Dudley enterprise zone in the West Midlands said: "We act for a major Midlands industrial developer Andrew Taylor

crease in demand for premises estates, similar in specification, in the enterprise zone, but this but not location, have not been

In some areas land and property values — instead of falling outside enterprise zones - have risen sharply within the

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at February 17, 1982; as Table 5 in the Bank of England Quarterly Bulletin. -TOTAL TO UK RESIDENTS-

		Total	in stari	log .	CUTTRICIES	. Anang	الجاز	n sterling	house	≤ com	baules	financial
London clearing banks		34,035	32,85	54	1,181	2,38		2,206	200			1.075
	1982 Feb 17	36,354	35.00		1,323	2,32		2,120	184			968
Scottish clearing banks		4,524	4,2		293	. 42		373.	133		12 20	178 163
Northern Ireland banks	1982 Feb 17	4,673	4,34		326 ·	30		246	21 2		20 34	4
Nordiern Heland balles	1982 Feb 17	865 892	85	54 92 .	. 1		10 18	40 38	.1		33	4
All banks		77,396	63.90	-	13,487	12.65	-	8.592	1.996	2,7		7,951
	1982 Feb 17	87,472	71,20		16,264	14,26		8,029	1,557	3,0	09	9,695
of which in sterling	1981 Nov 18	63,909				8,59			1,949	2,4		4,206
Ohan mad	1982 Feb 17	71,208				8,02	19		1,523	2,7	34	3,772
Changes: in sterling	1981 Aug/Nov	+4,024				+31	9		+ 13	+13	37	+170
m dicime	81 Nov/82 Feb	1 2,042					:					
in foreign currencies adjusted											-	
for exchange rate effects?		+1,056			'	+63	_		19	•	22	+634
	81 Nov/82 Feb						 NUFACT	TIDING			···	
		. Total	of which	Food, drink	Chemicals		Florida	Other en	s Ship-		Textiles.	Other
		madu- facturing	l#	and	Chemicals and alited biddestries	manu- tacture	enginee (pg	r- and meta	ballding	Vehicles	and cloth/pg	mainu- factoring
London clearing banks	1981 Nov 18	8,423	7,923	1.292	890	489	770		437	420	632	1.687
	1982 Feb 17	8.928	8,371	1,308	879	489	774		438	487	733	1,830
Scottish clearing banks		931	878	228	117	. 46	48	145	121	21	64	143
	1982 Feb 17	962	899	189	128	50	64	146	126	27	72	159
Northern Ireland banks:		122 130	121 129	34 32				37 48			19 21	31 · 29
All howles	1982 Feb 17	18.897	15.304	3.240	3,279	1.046	1.586	3,246	668	1,133	1.132	3,567
All banks	1982 Feb 17	21,061	17,366	3,402	3.6 61	1,122	1,673	3.662	711		1,311	4,191
of which in sterling		15,304	,	2.633	2,392	885	1.347	2,635	633		1,006	2,816
	1982 Feb 17	17,366		2,909	2,666	932	1,448	3,053	668	1,151	1,182	3,358
Changes:	1001 Aug /N	+500		+354	+369	+ 69	+ 9	- 41	- 31	-178	— 30	- 21
in sterling	'81 Nov/82 Feb	T-000		7-302	-T-303	T 03	T 3		_ 31	- 110		
in foreign currencies adjusted					•••							
for exchange rate effects?		+ 27		+ 47	- 1	+ 5	- 31	- 42	+ 11	+ 8 -	+ 4	+ 28
Advances only	'81 Nov/'82 Feb			•••	•				•••	•••	•••	
All banks	1981 Nov 18	16,433	12,908	2,740	2,743	841	1,368	3,022	660	909	991	3,159
	1982 Feb 17	17,524	13,926	2,70 2	2,817	868	1,347	3,320	699		1,169	3,588
		Total	of which	Agricul		ning		 -	of wh	PERSONS—		
	•	other production)n sterling	forest and figi	iling qua	naying Co	nstructio	7otal m personi) n Sterii	ng purc	H258	Other
London clearing banks		production 4,651	4,522	2,67	No 3	16	1,665	9,034	9,02	8 3,4	136	5,598
	1982 Feb 17	other production 4,651 4,999	4,522 4,830	2,67 2,72	10 3 15 3	116 181	1,665 1,892	9,034 9,813	9,02 9,80	8 3,4 7 4,0	136 100	5,598 5,813
London clearing banks Scottisb clearing banks	1982 Feb 17 1981 Nov 18	4,651 4,999 920	4,522 4,830 838	2,67 2,72 66	10 3 15 3 13 1	16 81 02	1,665 1,892 155	9,034 9,813 919	9,02 9,80 91	8 3,4 7 4,0 5 3	136 100 165	5,598 5,813 553
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17	other production 4,651 4,999 926 993	4,522 4,830 838 900	2,67 2,72 66 68	10 3 25 3 33 1 12 1	774119 Co 316 81 02 27	1,665 1,892 155 184	9,034 9,813 919 999	9,02 9,80 91 99	8 3,4 7 4,0 5 3 6 4	136 100 365 135	5,598 5,813 553 564
	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	other production 4,651 4,999 926 993 238	4,522 4,830 838 900 238	2,67 2,72 66 68	illing 40 and 70 3	16 81 02	1,665 1,892 155 184 50	9,034 9,813 919 999 189	9,02 9,80 91 99 18	8 3,4 7 4,0 5 3 6 4	136 100 165 135	5,598 5,813 553 564 137
Scottisb clearing banks Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1962 Feb 17	other production 4,651 4,999 926 993	4,522 4,830 838 900 238 247	2,67 2,72 66 68 18	iling 4000 70 3 15 3 13 1 12 1 13	5 - 5	1,665 1,892 155 184 50 51	9,034 9,813 9,813 919 999 189 196	9,02 9,80 91 99 18 19	3,4 7 4,0 5 3 6 4	136 100 165 135 52 51	5,598 5,813 553 564 137 145
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1962 Feb 17	920 920 923 238 247	4,522 4,830 838 900 238	2,67 2,72 66 68	10 3 25 3 33 1 12 1 13 10 2,2	774119 Ca 116 81 02 27 5	1,665 1,892 155 184 50	9,034 9,813 919 999 189	9,02 9,80 91 99 18	3,4 7 4,0 5 3 6 4 9 6 4,7	136 100 165 135 52 51	5,598 5,813 553 564 137
Scottisb clearing banks Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	other production 4,651 4,999 920 993 238 247 8,523	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 19 3,66 3,76	10 3 3 1 1 2 1 1 3 1 2 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	774mg Cc 116 81 02 27 5 5 61 55 05	1,665 1,892 155 184 50 51 2,603 3,021 2,423	9,034 9,813 919 999 189 196 12,871 15,582 12,816	9,02 9,80 91 99 18 19	3,4 7 4,0 5 3 6 4 9 6 4,7	136 136 136 135 135 52 51 158	5,598 5,813 553 564 137 145 8,112
Scottisb clearing banks Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	other production 4,651 4,999 920 993 238 247 8,523 9,238	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 19 3,66 3,76	10 3 3 1 1 2 1 1 3 1 2 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	774mg Cc 116 81 02 27 5 5 61 55 05	1,665 1,892 155 184 50 51 2,603 3,021	9,034 9,813 919 999 189 196 12,871 15,582	9,02 9,80 91 99 18 19	3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8	136 136 135 135 152 151 158 154	5,598 5,813 553 564 137 145 8,112 9,728
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	other production 4,651 4,999 920 993 238 247 8,523 9,238 7,165 7,768	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 19 3,66 3,76 3,73	10 3 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	77 Carrier Car	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532	9,02 9,80 91 99 18 19	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7	136 136 136 135 135 151 158 154 152 149	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683
Scottisb clearing banks Northern Ireland banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	5ther production 4.651 4,999 920 993 238 247 8,523 9,238 7,165 7,768 +104	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 3,66 3,76 3,63		502 55 55 55 561 555 662 67	1,665 1,892 155 184 50 51 2,603 3,021 2,423	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273	9,02 9,80 91 99 18 19	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7	136 136 130 135 135 152 158 154 152 149	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 +352
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	other production 4.651 4,999 920 993 238 247 8,523 9,238 7,165 7,768 +104	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 3,66 3,76 3,63		16 81 02 27 5 5 61 55 62	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532	9,02 9,80 91 99 18 19	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7	136 136 136 135 135 151 158 154 152 149	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Fab 1981 Aug/Nov	5ther production 4.651 4,999 920 993 238 247 8,523 9,238 7,165 7,768 +104	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 19 3,66 3,76 3,63		116 81 02 27 5 5 5 61 555 62 67	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273	9,02 9,80 91 99 18 19	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7	136 136 130 135 135 152 158 154 152 149	5,598 5,813 564 137 145 8,112 9,728 8,064 9,683 +352
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab	other production 4.651 4,999 920 993 238 247 8,523 9,238 7,165 7,768 +104	4,522 4,830 838 900 238 247 7,165	2,67 2,72 66 68 18 3,66 3,63 3,73 — 2	100 3 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	116 81 02 27 5 5 5 61 555 62 67	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60 	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273	9,02 9,80 91 99 18 19	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7 5,8	136 136 130 135 135 152 158 154 152 149	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 +352
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Fab 1981 Aug/Nov	**************************************	4,522 4,830 838 900 238 247 7,165 7,768	2,67 2,72 66 68 19 3,66 3,76 3,63	10 3 3 3 5 3 3 1 1 1 2 2 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1	116 116 116 102 27 5 5 5 5 61 55 62 67 	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60 	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273	9,02 9,80 91 99 18 19	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7 5,8	136 136 136 135 135 152 158 154 154 154 159 159 159 159 159 159 159 159 159 159	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 +352 + 6
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Fab 1981 Aug/Nov	*** Control of the co	4,522 4,830 838 900 238 247 7,165 7,768	2,67 2,72 66 68 18 19 3,66 3,76 3,73		116 Co 11	1,665 1,892 155 184 59 51 2,603 3,021 2,423 2,872 + 60 	9,034 9,813 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273 + 7	9,02 9,80 91 99 18 19 12,81 15,53	8 3,4 7 4,0 5 3 6 4 9 6 4,7 2 5,8 4,7 5,8	136 136 136 136 135 135 152 158 158 158 159 159 159 159 159 159 159 159 159 159	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb	**************************************	4,522 4,830 838 900 238 247 7,165 7,768	2,67 2,72 66 68 19 3,66 3,76 3,63 3,73	10 3 3 3 5 3 3 1 1 1 2 2 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1	116 116 116 116 117 117 117 117 117 117	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60 + 60 	9,034 9,813 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273 + 7	9,02 9,80 91 99 18 12,81 15,53	8 3,4 7 4,0 5 3 6 4 9 6 4,7 2 5,8 4,7 5,8 + 9	1306 1300 1365 135 152 151 158 154 154 154 154 154 156 157 158 158 159 159 159 159 159 159 159 159 159 159	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 chestional.
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb	**************************************	4,522 4,830 838 900 238 247 7,165 7,768	2,67 2,72 66 18 19 3,66 3,63 3,73 — 2		116 Co 116 S1 02 27 5 5 5 5 5 5 5 5 61 555 05 62 67 32	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60 -service, interest go	9,034 9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273 + 7	9,02 9,80 91 99 18 12,81 15,53	8 3,4 7 4,0 5 3 6 4 9 6 4,7 2 5,8 4,7 5,8	136 136 136 135 135 135 158 158 158 158 158 159 120 120	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov '81 Nov/'82 Fab 1981 Aug/Nov '81 Nov/'82 Feb 1981 Nov/'82 Feb	*** cother production 4.651 4.999 920 993 228 247 8.523 9.238 7.165 7.768 +104 +187 ****Total services 9.545	4,522 4,830 838 900 238 247 7,165 7,768 of wall in sterlie 9,17 9,90 1,22	2,67 2,72 66 18 19 3,66 3,78 3,73 — 2	100 30 30 30 30 30 30 30 30 30 30 30 30 3	Pablic ut 277 5 5 5 6 1 6 5 5 5 5 5 5 5 5 5 5 5 5 5 5	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60servicional near go	9,034 9,813 9,813 919 196 12,871 15,582 12,816 15,532 +1,273 + 7	9,02 9,80 91 99 18 19 12,81 15,53 Festall distribution 2,237 2,216	8 3,4 7 4,0 5 3 6 4 9 6 8 4,7 2 5,8 4,7 5,8 + 9 	1306 1306 1306 1355 135 1552 1554 1552 1206 1552 1564 1574 1574 1574 1574 1574 1574 1574 157	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 + 6 Otensianal.entite and cellaneous 4,500
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Scottish clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	**************************************	4,522 4,830 838 900 238 247 7,165 7,768 of while in sterile 9,176 9,903 1,227 1,307	2,67 2,72 66 18 19 3,66 3,76 3,63 3,73 — 2	100 30 30 30 30 30 30 30 30 30 30 30 30 3	Pablic ut and and and and and and and and and and	1,665 1,892 155 184 59 51 2,603 3,021 2,423 2,372 + 60servicidities intert go	9,034 9,813 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273 + 7 - 7 62 115 115 8	9,02 9,80 91 99 18 19 12,81 15,53 68str/buttor 2,227 2,226 224 223 98	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7 5,8 + 9 0 11,71 1,83 1,71 1,83	1306 1306 1355 135 152 151 152 154 152 154 154 154 155 154 155 154 155 155 155	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 + 6
Scottish clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	**************************************	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28:	2,67 2,72 68 18 19 3,66 3,63 3,73 — 2	100 analog analo	Pablic un sed aut governa 227 121 231 191 191 191 191 191 191 191 191 191 1	1,665 1,892 155 184 59 51 2,603 3,021 2,423 2,872 + 60servicidities interest go	9,034 9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273 + 7 ES	9,02 9,80 91 99 18 19 12,81 15,53 distribution 2,237 2,216 224 223 98 100	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7 5,8 + 9 distribe 1,71 1,83 17 19	1306 1306 1355 135 152 154 1552 149 120 120 120 120 121 121 122 123 124 125 126 127 127 128 129 120 121 129 120 120 120 121 121 121 121 121 121 121	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 + 6
Scottish clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	*** Total services 9,545 10,286 1,332 1,416 277 282 24,449	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28: 20,03:	2,67 2,72 68 18 19 3,66 3,63 3,73 — 2	Transport d communications 756 833 190 189	Pablic at sed sate governor 127 127 127 127 127 127 127 127 127 127	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60 + 60 SERVICE SOME	9,034 9,813 9,919 999 189 196 12,871 15,582 12,816 15,532 +1,273	9,02 9,80 91 99 18 19 12,81 15,53 6 stribution 2,227 2,216 224 223 98 100 3,417	8 3,4 7 4,0 5 3 6 4,7 9 6 4,7 2 5,8 4,7 5,8 1,71 1,83 1,71 1,83 1,71 1,83	136 136 136 136 135 135 158 158 158 158 158 158 159 120 120 120 120 149 149 149 149 149 149 149 149 149 149	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 + 6 0hexstenal. entitle and excillaneous 4,500 5,216 600 661 111 113 9,324
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Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18	*** Total services 1,332 1,416 277 22,4449 27,331 20,632	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28: 20,03:	2,67 2,72 68 18 19 3,66 3,63 3,73 — 2	100 analog analo	Public of 32 Public of 32 Public of 32 Public of 32 127 127 128 148 158 158	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60servicional solution per solution pe	9,034 9,813 9,919 999 189 196 12,871 15,582 12,876 15,532 +1,273	9,02 9,80 91 99 12,81 15,53 15,53 2,227 2,216 224 223 98 100 3,417 3,678 3,361	8 3,4 7 4,0 5 3 6 4 9 6 8 4,7 2 5,8 4,7 5,8 1,71 1,83 17 19 4 4 5,41 6,15 6,15	1306 1306 1306 1355 1355 1558 1558 1552 149 120 120 120 149 148 159 111	5,598 5,813 553 554 137 145 8,112 9,728 8,064 9,683 + 352 + 6
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	**************************************	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28: 20,03:	2,67 2,72 68 18 19 3,66 3,63 3,73 — 2	Transport d communications 756 833 190 189 2,614 3,101	Public ut and and and government 227 127 231 129 1,353 1,192	1,665 1,892 155 184 50 51 2,603 3,021 2,423 2,872 + 60servicional solution per solution pe	9,034 9,813 9,813 9,819 999 189 196 12,871 15,582 12,816 15,532 +1,273	9,02 9,80 91 99 18 19 12,81 15,53 5551/bullion 2,227 2,216 224 223 98 100 3,417 3,678	8 3,4 7 4,0 5 3 6 4,7 9 6 4,7 2 5,8 4,7 5,8 1,71 1,83 17 19 4 5,41 6,15	1306 1306 1306 1355 1355 1558 1558 1552 149 120 120 120 149 148 159 111	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 + 6 000essional. entitic and estillaneous 4,500 5,216 600 661 111 113 9,324 0,586
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	*** Total services 1,332 1,416 277 22,4449 27,331 20,632	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28: 20,03:	2,67 2,72 66 18 19 3,66 3,76 3,73 ——————————————————————————————————	100 analog analo	Public of 32 Public of 32 Public of 32 Public of 32 127 127 128 148 158 158	1,665 1,892 155 184 59 51 2,603 3,021 2,423 2,872 + 60servicilities neart go	9,034 9,813 9,919 999 189 196 12,871 15,582 12,876 15,532 +1,273	9,02 9,80 91 99 12,81 15,53 15,53 2,227 2,216 224 223 98 100 3,417 3,678 3,361	8 3,4 7 4,0 5 3 6 4 9 6 8 4,7 2 5,8 4,7 5,8 1,71 1,83 17 19 4 4 5,41 6,15 6,15	1306 1306 1306 135 135 152 153 154 155 154 155 154 155 155 155 155 155	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 + 352 + 6
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Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Fab 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	**************************************	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28: 20,03:	2,67 2,72 66 18 19 3,66 3,76 3,73 ——————————————————————————————————	100 33 155 33 152 1 133 66 2.24 173 1,115 1,15	Public ut 25 11 12 12 13 14 13 14 14 14 14 14 14 14 14 14 14 14 14 14	1,665 1,892 155 184 59 51 2,603 3,021 2,423 2,872 + 60	9,034 9,813 919 999 189 196 12,871 15,582 12,876 15,532 +1,273 + 7 67 62 115 115 8 8 2,326 2,616 2,316 2,601 187	9,02 9,80 91 99 12,81 15,53 15,53 15,53 2,216 224 223 98 100 3,417 3,678 3,361 3,615 + 328	8 3,4 7 4,0 5 3 6 4 9 6 8 4,7 5,8 + 9 0 1,711 1,83 17 19 4 4 5,41 6,15 3,86 + 4	1300 1300 1300 1355 1355 1552 1554 1552 1200 1200 1200 1300 1300 1300 1300 130	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 +352 + 6
Scottisb clearing banks	1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Aug/Nov 81 Nov/82 Feb 1981 Aug/Nov 81 Nov/82 Feb 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17 1981 Nov 18 1982 Feb 17	**************************************	4,522 4,830 838 900 238 247 7,165 7,768 7,768 9,17: 9,90: 1,22: 1,30: 27: 28: 20,03:	2,67 2,72 66 18 19 3,66 3,76 3,73 ——————————————————————————————————	Transport 1,1 7	Pablic in 32 27 55 561 67 32 277 121 121 121 125 125 125 125 125 125 125	1,665 1,892 155 184 59 51 2,603 3,021 2,423 2,872 + 60	9,034 9,813 919 999 189 196 12,871 15,582 12,816 15,532 +1,273 + 7 62 115 115 8 8 2,326 2,316 2,316 2,601 +187	9,02 9,80 91 99 12,81 15,53 15,53 2,221 2,221 224 223 98 100 2,417 3,615 + 328	8 3,4 7 4,0 5 3 6 4 9 6 6 4,7 2 5,8 4,7 5,8 + 9 0 11,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,83 1,71 1,71 1,71 1,71 1,71 1,71 1,71 1,7	1300 1300 1300 1300 1300 1300 1300 1300	5,598 5,813 553 564 137 145 8,112 9,728 8,064 9,683 +352 + 6

* The introduction of the new monetary sector in November 1981 has led to changes in the coverage of this table (for fuller explanation *The introduction of the new monetary sector in November 1851 has led to coanges in the coverage of this table (for fuller-explanation) see the additional notes to tables 3 and 5 in the March 1982 Bulletin). Changes for the latest period are therefore not shown. It is remained in the board as a director. His to board as a director. His advances in foreign currencies.

Senior post at Midland Bank

Mr Rodney L. Bass has been appointed assistant general manager, group treasury at MTDLAND BANK'S head office from April 1. He will be responsible for developing the Bank's new financial features unit which is expected to become operational in the autumn to coincide with the opening of the new London International Financial Futures Exchange.

BRITISH GAS has appointed Mr John Newman deputy chairman of Northern Gas from May 1. He has been director of marketing for Wales Gas since 1977.

COMMA OIL & CHEMICALS has appointed Mr J. K. Ruggles as joint managing director. Mr Ruggles was managing director of the merchanting division of TIBM Dibben,

Mr Michael Watts will become main board director responsible for finance for G. E. WALLIS & SONS on April 1. Mr Watts is group financial controller. When Mr Edwin A. Pywell retires in May, Mr Watts will also become company secretary.

Mr Jain Burns has been appointed financial director of THOMSON MAGAZINES.

Mr F. R. Agar will become chairman and managing director of Brengree Holdings subsidiary, EXCLUSIVE CLEANING GROUP Mr Neville Pearson has been appointed as president of the INCORPORATED SOCIETY OF VALUERS AND AUCTIONEERS.

Mr Nigel Thompson has been appointed director of SMITHS COMMERCIAL VEHICLE PRO-DUCTS, a part of Smiths Industries Automotive Instrument

Mr W. Allen and Mr R. F. Riding have been appointed general managers of WILLIAMS & GLYN'S BANK from April 1.

Mr M. J. Mann has been appointed to the board of METAL CLOSURES GROUP.

Mr Alan T. Fletcher has been appointed managing director of the UK consumer products divi-sion of WILKINSON SWORD GROUP. He was managing director of Cam Gears, a member of the TRW Group. Mr Philip P. Brand has been appointed managing director of the electrical appliance division. He was managing director of Rima

Following the annual meeting of STANDARD LIFE ASSURANCE COMPANY Mr A. M. Hodge has retired from his position as chairman. He remains on the board as a director. His successor is Mr R. C. Smith. Mr N. Lessels has been appointed

UK TRADE FAIRS AND EXHIBITIONS

Metalworking '82 Exhibition (0737, 68611) and
International Metalcutting Machine Tools
Exhibition (01.402 6671) (until Apr 2)
British Exhibition of Fine Jewellery and Sterling
Silver (01.493 7628) (until Apr 1)
Audio Visual Exhibition (01.688 7788) (until Apr 1) Current Current Subcontracting Industries Exhibition—SUBCON (01-486 1951)
Fashion Fabres Exhibition ('1-385 1200) Mar 29-Apr 2 Mar 31-Apr 2 ... Concrete Society Exhibition and Conference (01-730 Apr 5-7 International Motorcycle Show (0002 51202)
International Motorcycle Show (0203 27427)
British Pet Industry Exhibition (0233 36656)
International Fire Security and Safety Exhibition
—IFSSEC (01-383 7661)
All Electronics Show (0799 22612)
International Property Exhibition (01-499 8311)
International Ideal Homes Exhibition (021-705) Apr 9-18 Apr 18-19 Apr 19-23 Apr 22-24 Apr 22-May 3 ... 6707) Computer Fair (01-643 8040) Storage Handling and Distribution Exhibition SHD (01-446 2411) Apr 26-30 (01-446 2411) EIA Engineering Exhibition—ENGEX (0403 65390) Apr 28-29 OVERSEAS TRADE FAIRS AND

Apr 6-9 First International Energy Technology Exhibition Apr 14-23 Apr 15-24 International Electronic Packaging and Production
Equipment Exhibition — INTERNEPCON
(0483 38085) Apr 20-25 [0483 38085]

International Building Exhibition—FINNBUILD (01486 1951)

Apr 22-26 Internationed Carpet, Wallpapers, Wall Coverings and Furnishing Textiles Exhibition—PARITEX (01-439 3964)

Apr 25-29 Agricultural Industry Exhibition—SAUDI-AGRI-CULTURE (01-486 1951)

Apr 26-29 Health, Safety and Environment at Work Exhibition—ARBO (01-228 2880)

Apr 27-30 Biochemical and Instrumental Analysis Exhibition Biochemical and Instrumental Analysis Exhibition (01-486 1951)
Fast Food and Catering Exhibition (01-935 \$200) May 1-5 May 3-6 Offshore Technology Conference and Exhibition (01-486 1951)

EXHIBITIONS

NEC. Birmingham

NEC, Birmingham

Olympia Barbican Centre

NEC Birmingham

Sandown Park, Esher

Earls Court

Earls Court

Olympia

Goldsmith's Hall, London

Met. Exon. Hall, Brighton Bingley Hall NEC, Birmingham

Cumberland Hotel, W.I'

Exhibition Centre, Harrogate

Wembley Conf. Centre

Helsinki

Dubai

BUSINESS AND MANAGEMENT CONFERENCES

RRG Conferences: Reinsurance Practice (01-236 2175)
University of Leeds: Freight Transport Policy—
The Role of New Technology (0532 35038)
Lloyd's of London Press: Ship Finance (01-730 2182). Apr 7 The Henley School of Forecasting: Corporate Plans after the Budget (01-353 9961)

International Council of Shopping Centres:
European conference on Downtown Shopping Mar 20-24 Centres (0734 881101)

British Institute of Energy Economics: Energy Conservation in Industry—the Anglo Swedish: Experience (01-830 2233)

Institute of Directors annual convention (01-839 1233) Mar 23 Mar 23 (01-839 1233)
IIA-UK: Annual European Forum on Computer
Audit Control and Security (01-628 9001). ... Mar 30-Apr 2 ... Birmingham Chamber of Industry and Commerce: How to tap into public funds (021-484 6171) ... American Tax Institute in Europe: Foreign Invest ment in U.S. Real Property (Apr 5); UK
Taxation of International Operations
(Paris 256 3370)
The Economist: Economic Regulation in Practice Enforcement procedures and their implies-tions for industry (01-839 7000) ESC: Current issues in financial reporting (05) 282 2711)
The Textile Institute: Structure and Properties of Apr 19-20 Modern Fibres (061-834 8457)

INSIG: International Banking Seminer—Banks and
Computers (Paris 7630724)

Crown Eagle Communications: Franchising (01-636 Apr 21-23 0617)
NAPF 1982 Annual Conference (01-681 2017)
Lloyd's of Loodon Press: International Maritime
Seminar on Law of Collisions (01-353 1000)

Ryl. Westminster Hotel, SW Singapore London Press Contre, EC4

9 St James's Square, SW1 Royal Albert Hall, WB Hilton Hotel, W1 Birmingham

Waldonf Hotel, WC2

University College, Oxford Bowater Conf. Centre, 5W1 UMIST, Manchester

ensure that there has been no change in the details published.

A copy of this document, brying attached thereto (in documents specified below, has been delivered to the Registrar of Compenies for registration. This document contribut particulars given in compilence with the Registrate of the Compeny with the Registrar of the Compeny of this contribute particulars given in compilence with respect to Standard Securities FLC ("the Compeny"). The Directors have taken all respectable of the there are no other meterial lates the contribute of which would ding any statement haven whether of fact or of opinion. All the Directors accept responsibility accordingly, Application has been made to the Compeny in the whole of the states capital of the Compeny, issued or now being imped as mentioned haven, to be admitted to the Compeny.

STANDARD SECURITIES PLC

Placing by Hambros Bank Limited of 2,200,000 Ordinary Shares of 25p each at 136p per share

Directors

GERALD WALTER LEIGH (Chairman) 6 Arlington Street, St. James's, London SW1A 1RE

RONALD WILLIAM STRUTH, F.S.V.A., M.B.I.M. (Managing Director) 6 Arlington Street, St. James's, London SW1A 1RE

TIMOTHY JOHN BRUCE HARINGTON STRANACK, B.A. (Solicitor; Non-Executive Director) 6 Arlington Street, St. James's, London SW1A 1RE

Secretary and Registered Office DEREK JOHN HARRIS 6 Arlington Street, St. Tames's, London SW1A IRE

Principal Bankers BARCLAYSBANKPLC 21 Brayford Square, Stepney, London El OSJ

Stockbrokers ROWE & PITMAN City-Gate House, 39/45 Finsbury Square, London EC2A 1JA and The StockExchange Share Capital

in 19,000,000 Ordinary Shares of 25p each

Loan Capital and Other Indebtedness

Issued and 7% per cent. Convertible Unsecured Loan Stock 1993 £3,500,000

The Tk per cent. Convertible Unsecured Loss Stock 1983 ("the Stock"), a further \$1,000,000 of which is to be issued for cash a per on 27th April, 1983, is convertible into Ordinary Shares of the Company at 1984 apper shares at my time between 1st January 1984 and 31st farmary, 1989. Other terms are assumationd in "Terms of the Stock" under "Statutory and General Information" built at the close of business on 5th March, 1982 the Grbup had containing indebtedness secured on properties owned by companie in the Group of \$17,214,788. Says as mentioned herein and spart from inver-company liabilities within the Group, no company in the Group has any iosu capital function; from loans) outstanding or created the unsaved or any mortgages, the graph of the bear portraining or indebtedness in the nature of borrowing, including bank overtrains, liabilities under accoptances or accept

Solicitors Issued or now to the Company TIM STRANACK being issued and fully paid:

£2,879,659.50

outstanding:

7 Addison Crescent, London W148JP

to Hambros Bank Limited NORTON, ROSE, BOTTERELL & ROCHE Kempson House, Camomile Street, London EC3A 7AN

Auditors and Toint Reporting Accountants HODGSON HARRIS & CO. (Chartered Accountants) 4 King's Arms Yard, Moorgate, London EC2R 7AX

Joint Reporting Accountants PEAT MARWICK MITCHELL & CO. (Chartered Accountants) Puddle Dock, Blackfriars. London EC4V 3PD

Valuers
JONES LANG WOOTTON (Chartered Surveyors) 103 Mount Street, London WlY 6AS

Registrars and Transfer Office BARCLAYSBANKPLC Registration Department, Radbroke Hall, Knutsford, Cheshire WA169EU

PARTICULARS OF THE GROUP

The information below relating to the Company and its subsidiaries ("the Group") has been provided to Hambros Bank Limited.
("Hambros") by the Directors of the Company.

1. Introduction

The Company is the holding company of a property investment and development group. Its primary policy has been to create investments for retention by the Group, either by development or refurbishment or improveme

Since its formation at the end of 1971 the Group's net assets have increased from approximately £145,000 to approximately £19.5 million. During the same period the net assets per share, on a fully diluted basis, have increased by some 29 times to 182p, based on the pro-forma consolidated balance sheet in paragraph 8 of the Accountants' Joint Report, below.

2. History

5.5

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Charles Million

Section 19

The Company was formed by Mr. G. W. Leigh and shortly thereafter Mr. R. W. Struth and Mr. T. J. B. H. Stranack joined the Board.

The initial strategy was to concentrate on acquiring key sites and buildings in a small number of selected locations with a view to building up major land holdings for comprehensive redevelop-ments; mainly for office use. When completed and let the new developments were to be mortgaged and retained by the Group as investments. Being privately owned the Company aimed for capital growth, with less emphasis on profit growth in the short term.

By the end of 1973 the Group had acquired the whole or a major

part of 5 sites which were considered suitable for large-scale development and the Company had entered into arrangements with The Norwich Union Life Insurance Society ("Norwich Union"), which subscribed for 20 per cent of the then issued share capital of the Company and agreed to provide medium and long-term finance.

The largest of the sites was at Aldgate, London E1, covering an area of epproximately 15 acres, the major part of which was assembled by the end of 1973. By the middle of 1974 negotiations were well advanced with National Westminster Bank Limited for that bank to occupy on a rack rent basis e computer and office complex of about 600,000 sq ft to be developed by the Group. However, the rapid deterioration in the property market and more particularly the combined effects of high interest rates and the introduction of. first letting tax led the Group to sell the site to the bank, resulting in a substantial capital surplus and a considerable reduction in borrow-

Between 1973 and 1975 the Group completed three important developments. The Guardian House in Farringdon Road, London ECl, is retained in the portfolio; the other two were office buildings in Norwich and Maidenhead (Phase I) which were subsequently sold to Abbey Life Assurance Company Limited and Rolls Royce.

Pension Trust Limited respectively. For some time after 1974 the Directors considered that general economic conditions did not encourage site acquisition and development. They therefore turned their ettention to the acquisition of properties with existing income where refurbishment, rent increases, the renegotiation of lease terms and marriage value would increase capital value. A decision was also reached to invest in shops in view of their expected rental growth as a result of wage inflation. These policies resulted in four acquisitions, namely Victoria Station House, London SW1; Eastgate House, Leeds; Queen Victoria Street, Reading; and Farnham Road, Slough, These properties have been retained as investments and now account for some 42 per cent.

by value of the current portfolio. By 1979 the improvement in the property market made itpracticable for the Group to become involved again in development activities, as evidenced by the projects at Great Smith Street and Maidenhead (Phase II).

In December, 1981 arrangements were coincluded with Royal Insurance Company p.l.c. ("Royal") for it to subscribe £3,500,000 of the Stock and to make available up to £10 million of long term mortgage finance. These arrangements are described in more detail below.

In 1975 the Directors recognised the desirability of creeting trading profits in order to offset the shortfall in rental income from investment properties against the high level of interest charges. In that year the Group acquired a modern estate of 150 houses in Woodbridge, Suffolk, occupied by United States Air Force personnel and leased by the United States Government. As the leases. expired the Group sold the houses over a period of several years to provide substantial trading profits. In 1978 the Group acquired a similar estate at Bioester, Oxfordshire, at a cost of £1,500,000. In 1979 two freehold sites, one in County Durham and one in Suffolk, each with planning consent for residential development, were acquired, at a total cost of approximately £800,000.

3. Current Activities

It will be seen from the Summary forming part of the Valuation of the Group's properties as at 12th March, 1982 by Jones Lang Wootton, that of the total value of £30,825,000 as at that date some 80 per cent, was represented by properties held as investments and the balance by properties held for development or refurbishment; the valuation hudes muser interests, which have been valued by the Directors, and properties held for trading, which have been treated in accordance with the Accounting Policies set out in the Accountants' Joint

The following is a brief description of the principal property

Eastgate House, Eastgate, Leeds
This prominent building was constructed in 1980 and comprises 17

shop units, 58,000 sq. ft. of offices, let for the most part to 2 first-class

tenants, and e basement car park.

A long leasehold interest was acquired at the end of 1977, when the building was fully let on leases expiring in 1981 and producing a total net annual rental income of £39,000. The short remaining terms of the leases and the poor condition of the building made it unsuitable for institutional investment and the Group took the opportunity to purchase it at an advantageous price. The freehold was subsequently purchased and the property extensively modernised so that on completion of the renewal of the occupation lesses it will produce a net annual income of approximately £250,000. The property is now considered to qualify for institutional investment.

The Guardian House, 119 Farringdon Road, London, EC1 The Group carried out the speculativa development of this 84,000 sq. ft. high-quality long lessehold commercial building in 1974-75. Shortly after completion it was let to Guardian & Manchester Evening News Limited as the London headquarters of "The Guardian"

Authorised:

£4,750,000

35 Great Smith Street, London, SW1.

This building, held on a lease with 920 years unexpired at a fixed nominal ground rent, represents the most valuable investment in the portfolio and provides approximately 32,000 sq. ft. of outstanding quality, air-conditioned office space, together with car parking facilities, It was originally constructed in two parts in 1926 and 1935 and was purchased in 1979 with planning consent for office use. The Directors considered that the building could be altered in a way that would substantially improve the accommodation and increase the value. A revised planning permission along the lines envisaged was obtained and the reconstruction was completed in 1981. The building is now let to a Government-owned company.

Phase II, Syntex House, St. Ives Road, Maidenhead

The Group's interest in this freehold property, which comprises a 15,000 sq. ft. high-quality office building in a prime position, has been created from a development completed in January, 1982 on behalf of Rolls Royce Pension Trust Limited, to whom e 99-year lease (with an option to renew for a further 26 years) was then granted at a rent at all times equal to 49 per cent of the rent received by it in respect of the building. The development was pre-let in 1980 and the initial rent being paid is considered to be significantly below the current market rental value.

Wadsworth Road, Perivale

This freehold factory, constructed in the 1930's, occupies a site of some 1.24 ecres in an established industrial area and provides 62,000 sq. ft. of floor space.

20-year lease without a full repairing covenant. At the time of the rent review in 1980 the Group took the opportunity to renegotiate the lease onto full repairing terms which, together with the increase in rent, has resulted in a substantial appreciation in capital value.

Queen Victoria Street, Reading This freehold property, situated in Reading's central shopping area, comprises 12 shop units, the majority of which are let to multiples, and 11,000 sq. ff. of office space, mainly let to local professional

The property was acquired in 1978 following the policy decision to invest in shops. The Directors considered that, in addition to the growth potential in the shops' rents, the steady improvement in office rents in the area to the west of London would result in substantial reversions; there were also possibilities for improving the office accommodation. The increase in rents from both shops and offices has in fact been considerable and a continuing programme of modernising the office accommodation is in hand.

Farnham Road, Slough This property, held on a lease with 954 years unexpired at a fixed nominal ground rent, comprises 32 shop units and maisonettes and a supermarket. It is in an excellent trading location with the majority of the shops let to multiples.

When the property was acquired in 1979 the rents being re-ceived were well below market rents. The Directors considered that, since many of the leases were about to terminate or ware due for review, opportunities existed not only to increase rents but also to establish an overall pattern of sound estate management. This policy has been successful. Where rents have been reviewed or new leases granted the average increase of rent has been some 80 per cent, Further reversions or reviews will result in substantial rent increases on many of the remaining shops during the next two

Deltec House, St. John Street, London ECI This substantial industrial and office building, on a site of approxi-

mately I acre close to the City and to Smifnfield Market, was acquired. as a high-yield investment with long-term redevelopment prospects. Of 19th century construction, the building was substantially reconstructed after 1945. The property contains modern offices of 24,000 sq. ft, with an established use certificate and a meat processing and distribution centre of more than 50,000 sq. ft. The property is let to a subsidiary of a major American company and a rent review is one in April, 1983, when the Directors expect that there will be a substantial increase in rental income.

Victoria Station House, Victoria Street, London, SWL This property, in e prime location, comprises a 40,000 sq. ft. office building with extensive adjoining restaurant premises.

When the 48 years' unexpired residue of the head lease was acquired in 1978, it was evident that a marriage of interests should be achievable to benefit both the Group and the fresholders; the resultant negotiations led to the grant in 1977 of a new long lease. The property was acquired subject to a 48 year occupation underlease of the offices with seven year rent reviews but contracts have recently been exchanged for its surrender. This has provided an opportunity, which might not otherwise have arisen for 42 years. to refurbish the offices and relet them on a modern lease with fiveyear rent reviews. A major refurbishment is planned to start in April 1982 and to be completed by April 1983.

The funding arrangements for this refurbishment have not yet been settled but may include the disposal of a majority equity interest in the office part of the property, with the purchaser providing the refurbishment costs.

Broadway, Strafford, London E15

Stratford, an important London suburb some 4 miles east of the City with excellent road and rail communications, staff availability and shopping facilities, already has an established office centre, the ts of which include major international companies.

The site, in the heart of Stratford, was one of the 5 sites referred to in "History" above as being suitable for large-scale development; sufficient land and buildings to anable development to proceed. were acquired before the end of 1973. The total site area is now over 4.8 acres, of which 1.3 acres are long leasehold. At the time of acquisition most of the buildings were compiled but were in need of repair and refurbishment.

Adverse property market conditions and the difficulty in obtaining an Office Development Permit precluded the immediate development of the site and accordingly short term leases were granted to increase income. During 1975 the Directors decided that certain small office buildings would not necessarily form part of the comprehensive redevelopment and in consequence those buildings

were refurbished and let on longer lesses with regular rent reviews.

In December, 1979 outline planning permission was granted for the development of a single office building having e gross floor area of 267,500 sq. ft. However, the demand for and success in letting the small refurbished office buildings led in 1981 to the alternative concept of an imaginative office development scheme to be known as the "Broadway Office Village" which would comprise small office buildings varying in size from 1,700 sq. ft. net to 11,000 sq. ft. net grouped in terraces around landscaped pedestrian courts and piazzas. Approval for this development has been given by the London Borough of Newham Planning Committee and full planning permission is subject to the G.L.C. not giving a direction that such permission should not be granted. The first phase, on the freehold land, would provide a total office area of 121,000 sq. ft. gross together with restaurant premises, service roads and parking for 121 cars. The second phase, of about 63,000 sq. ft. gross of offices would be developed in the longer term on the leasehold land. The

village would be a fully managed private estate.

Finance for the development is already arranged with Norwich Union and construction could commence later this year, with phasing over 3 or 4 years according to demand.

Trading Activities

The estate at Bicester, referred to in "History" above, comprises 150 semi-detached and terraced houses built in the early 1970's for occupation by United States Air Force personnel. Prior to the termination of the leases which existed in 1979, terms were negotiated for their extension and rearrangement and for the rent from the estate to be increased to £242,500 per annum, which reduces as vacant possession of houses is given. To date the sale of 27 houses as been completed and 25 houses are under contract or under offer. Under the current programme all houses will have been refeased by October 1985.

The freehold site of 8 acres at South Hetton, County Durham, which has planning consent for 102 houses, is being developed in equal partnership with a house developer; all finance is provided by the Group and site management and house sales are carried out by the developer's staff. Sales have proceeded steadily and to date 28 houses have been sold, with a further 12 under contract or under

The freehold site of 34 acres at Sudbury, Suffolk, has planning consent for 238 houses and all major services are available. The Group has not taken decision on when, or if, work on this development will start.

4. Premises

The Group's head office at 8 Arlington Street, London 5.W.1. comprises some 2,750 sq. ft. Terms have been agreed for a new lease for 25 years from 25th December, 1981 at an initial annual rent of £44,000, exclusive of service charge, with five yearly rent reviews.

5. Directors, Management and Staff
Mr. G. W. Leigh, the Chairman, is 51 and has been continuously involved in property activities since 1948. He was a Director of a listed public property company, Kennedy Leigh Properties Limited. from March, 1961 until September, 1985 when, after the introduction of capital gains tax, it was placed in members' voluntary liquidation. In addition to his duties as Chairman, Mr. Leigh maintains an executive role in the constant re-assessment of Group policy and takes an active part in the inspection and consideration of new properties or schemes and the introduction of new business.

Mr. R. W. Struth, the Managing Director, is 57 and has been involved in property investment and development since 1945. He became a Director of Kennedy Leigh Properties Limited in 1963. when his firm and two associated property companies were acquired by that company. Since that time he has had a number of property interests, including a partnership in a small firm of valuers and surveyors. He rejoined Mr. Leigh in 1970 and their association led to the formation of the Group in 1971. He is responsible for all aspects of management of the Group and makes those corporate decisions that do not require full Board approval.

Mr. T. J. B. H. Stranack, a solicitor, is 42 and has been a nonexecutive Director of the Company since the formation of the Group. Mr. D. I. Harris, the Secretary and Accountant, is 51 and joined the Group in January, 1982. He had previously been employed by essrs. Hodgson Harris & Co., in which capacity he had dealt with the affairs of the Group since its formation.

Mr. M. Struft is 32 and joined the Group in 1973. He deals with the evaluation of new business, project management, feesibility studies, rent reviews and trading activities and is assisted by Mr. R. I.S. Harris: who is 27.

Mr. J. H. Lines, the Group property manager, is 63 and joined. the Group in 1972. He is assisted by Mr. R. M. Kuhnel, who is 26. For all developments and refurbishments, except those of a minor nature, an outside professional team is employed.

6. Employee Share Scheme

The Company has a share scheme for employees, the trustees of which are Mr. Leigh and Mr. R. W. Struth. Each year the Board nominates a percentage (not exceeding 3 per cent.) of Group profits for the year to be applied to the purchase of shares of the Company by the trustees on behalf of the employees. The maximum value of shares that may be set aside each year for any single employee is £1,000, and each employee's entitlement is determined by a formula related to annual salary and length of service. Employees may participate in the scheme only after completing S years' service with the Group. The sum epplicable to the scheme in respect of the 11 months to 30th September, 1981 is £5,546.

7. Financial Information (a) Sources of Finance

Funding of the Group's activities is provided by the Stock, by a Finance Agreement with Norwich Union and by various bank facilities. Apart from overdraft facilities provided to subsidiaries for property trading activities, all borrowing is effected by the Company which then provides the financing required by its subsidiaries.

£3,500,000 of the Stock was subscribed by Royal in December, 1981 and a further £1,000,000 is to be subscribed by Royal on 27th April, 1962; details are set out under "Terms of the Stock" in Statutory and General Information" below. If not converted the Stock will become repayable at par on 31st December, 1993. In the antime it carries interest at the rate of 72 per cent. per annum.

Contemporaneously with the first subscription of the Stock Royal confirmed that it would be prepared to make available to the Company, on approved terms, long-term mortgage finance of up to £10 million during the period from 1st January, 1932 to 31st December, 1988. The rate of interest will depend on market conditions at the time of the advance.

Norwich Union has undertaken to provide short and long term finance for the purchase and development of properties which it has previously approved. Almost all the Group's investment and development properties are or have been approved for this pur-pose. The maximum amount of the Norwich Union facility available at any one time is £10 million for both short and long term advances. A total of £3,984,000 is currently borrowed by way of short-term advances. The Stratford development is an approved development project and qualifies for finance under these arrangements. On any approved project being completed and let, the Company may, within the overall limit of £10 million, borrow up to two-thirds of the value of the property at Norwich Union's then current rate of interest for such loans, for a term, to be specified by the Company, between 20 and 40 years. The agreement ceases, as to short term advances on new projects, in 1988, and as to long term advances in 1990 or (iflater) two years after completion of building works on an approved development project.

Of the total net proceeds of the Placing some £1.69 million will be presented by subscription moneys receivable by the Company (after deduction of such of the estimated expenses of the Placing as are payable by the Company) and will be utilised initially to reduce short term borrowings. Partly in consequence of this, investmen properties having an aggregate value of some £18 million will be uncharged. Taking into account these uncharged properties, the amount of the proceeds of the Placing receivable by the Company and existing facilities, the Directors are of the opinion that the Group will have sufficient working capital for its present requirements,

As will be seen from paragraph 8 of the Accountants' Joint Report, below, the net assets of the Company immediately following the Placing will amount to approximately £21.7 million, representing a net asset value of approximately 189p per share before conversion of the Stock and 162p per share assuming full conversion of the

On the basis of the figures shown in that paragraph, immediately following the Placing and assuming that the subscription of the further Stock had then taken place, total Group borrowings would amount to £9.7 million (of which £4.5 million would be represented by the Stock), compared with gross assets of £34,8 million and shareholders' funds of £21.7 million.

(c) Profits and Dividends

The Directors forecast that profits before taxation for the year ending 30th September, 1982 will not be less than £500,000. This forecast takes into account expected gross rental income from investment and trading properties of £1,800,000 and £140,000 respectively. The assumptions on which this forecast is based appear in paragraph 5 of "Statutory and General Informatinn", below. On the basis of the above forecast the Directors expect that the

Company will pay in or about January, 1983 on the enlarged issued share capital e dividend of 1.4p per share, equivalent with the associated tax credit to a gross dividend of 2.0p per share. In that connection your attention is drawn to paragraph 6, "Taxation" in "Statutory and General Information", below. If the net proceeds of the subscription of Shares in the Placing

and of the £4.5 million of the Stock in issue and to be issued had been available to the Company for the whole of the year ending 30th September, 1982 and had been epplied in reducing existing borrowings, interest payable of £300,000 would have been sayed, resulting in pro-forma forecast profits before taxation for that year of £800,000. If the Company had been a public company for the whole of that year and had earned profits before taxation of £800,000, the Directors would have expected to recommend an interim dividend of 0.9p per share payable in about July and a final dividend of 1.9p per share payable in the following January which, with the associated tax credit, would have been equivalent to gross dividends totalling 4p per share.

The following table illustrates the appropriation of pro-forma profits before taxation of £800,000 with dividends totalling 2.8p per

Profits before taxation 800 Less: Taxation at 52 per cent. 416 Profits after taxation 384 Dividends totalling 2.8p (net) per Share on issued share capital 323 Leaving for retention 81

On the besis of the above table and at the placing price of 138p, the gross dividend yield would be 2.94 per cent, and the dividend would be covered I.19 times by available profits.

The Future

The Company's fundamental objective is to ensure a better-thenaverage growth in net assets while maintaining e progressive dividend policy. The Directors believe that this will be achieved both from the investments and developments in the current portfolio and also from new projects, a number of which are currently being considered.

The Group would wish, as hitherto, to retain for its portfolio as large e proportion as possible of the investments which it creates, but it is likely that in future some developments will be carried out in conjunction with institutions.

Additionally, the Group expects to commune to earn profits from its existing property trading activities for several years to come. The Directors consider that the present market conditions provide an excellent opportunity for the Group's expansion; the subscription of the new Ordinary Shares and the Stock, by strengthening the Company's capital base, will provide an ideal spring-

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STANDARD SECURITIES PLC

ACCOUNTANTS' JOINT REPORT

The following is a copy of a Joint Report of the Auditors of the Company and Joint Reporting Accountants, Messys. Indigson Harris & Co., Chartered Accountants, and the Joint Reporting Accountants, Messys. Past, Marwick, Mitchell & Co., Chartered Accountants, and the Joint Reporting Accountants, Messys. Past, Marwick, Mitchell & Co., Chartered Accountants, and the Joint Reporting Accountants, Messys. Past, Marwick, Mitchell & Co., Chartered Accountants, and the Joint Reporting Accountants, Messys. Past, Marwick, Mitchell & Co., Chartered Accountants, and the Joint Reporting Accountants, Messys. 7.9 Firedamete Properties held for investment which become suitable for redevelopment or major retiritishment are served in the accounts at the lower of their open market investment value and the realizable value for redevelopment purposes Fixed severa of the Group at 30th September, 1981 comprised: Book Veine £DC 2000 Standard Securities PLC and Hambres Bank intented Properties purchased for development are sixted at the lower of cost and not reclimits value. 25th March, 1982 Cost includes interest less result instant (set of tearties palled where appropriate). A property ceases to be treated as being in the course of development on the chie on which rectal income exceeds 50 per cent, of that expected to be received when the property is fully let, and in no case later than 12 (39) , 22 "We have examined the surfited accounts of Standard Securities FLC ("the Company") and its subdictaries for the four years and eleven months ended 30th September, 1881. The accounts through this period have been autilied in sectorizance with approved autiling standards by Sydenham & Co., Chartered Accountagis, and then Hodgson Harms & Co., Chartered Accountagis, with whom Sydenham & Co. merged their practice, months after the date of practical completion. spletion of a development a professional valuation is extraicd out and any susplus or deficit is transferred. to or from the : evaluation reserve. 7.10 Interest in aubaidiaries The Company's interest in subsidiaries at 33th September, 1981 comprised: To audited accounts of the Company or any of its subsidiaries have been prepared for any period submequent to 30th September, 1921. (e) Properties held for trading Properties held for trading, including work in progress, are included at the lower of cost and not realizable value.

Cost includes related duties and few and all experimene on development and improvement, including interest less any rental months (not of lazament selfet where appropriate). The summarized profit and loss accounts, movements on receives statements, helance sheets and source and application of lunds catements set our below are based on the suchted accounts of the Company and its submidiantes ("the Croup") difer making such adjustments as we consider appropriate in our option, these summaries, which have been prepared on the basis of the accounting policies set out in paragraph 6, together with me notes, give a true and fair view of the results and of the source and application of funds of the Group for the parieds stated and of the state of afters of the Company and of the Group at 30th September, 1931. 28 974 Householding profits are taken when there has been exchange of contracts with purchasers and houses are physically completed, provided that logal completion has taken place before or within three munits after the end of the accounting period. 7.11 Other investments (f) Interest Other investments at 30th September, 1881 comprised: Enterest included in the cost of development properties and properties held for trading is calculated by reference to specific increasings where relevant and otherwise at the rate paid on development horrowings. Company 1. Consolidated Profit and Loss Accounts imo G 11 months ended 30th Unlisted investment at coal Loans on mortgage Other interest is charged to the profit and loss account. Years ended 31st October. 1977 1978 1979 1980 230 (c) Depreciation and Amortisation £000 1,164 £000 2,362 5000 2,340 £000 2,353 Its depreciation is provided in respect of freehold or lessehold investment properties, except in the case of short lessehold investment properties having a I's of less than 30 years, where the hook value is written off in equal immainents over the remaining term of the lesse. Turnover The Directors are of the opinion that the value of the unlisted investment is aqual to its book value. Rent: receivable: Investment and development properties Properties held for tracing Property management and outgoings 1,132 286 (256) 718 153 (196) 239 161 (270) Pravision for depreciation of fixed essets is made on a reckning belonce basis at 15 per cent, per annum for discontinuous and fixtures, 25 per cent, per annum for motor vehicles and 23% per cent, per annum for plant. Z.12 Deferred taxation Net rental income Net tracing income Other treams 780 223 30 1,180 524 6 1,142 261 2 Group Company 675 64 36 1,152 Full (b) Repairs and Maintenance 1,653 (764) (204) 1,033 (422) (167) 1,710 (1,123) (200) 1,403 (838) (2£3) 775 (491) (117) All expenditure on repairs and maintenance is written off as farmed. Interest Cencral expenses . 1000 £000 Corporation turnst the reduced rate of 20 per cent, applicable to chargeable gams on the surplus aroung from the revaluation of The investment and development properties. The Company's inferent in subsidiarios. Corporation tax at 52 per cent, on:

The excess of the book values of qualifying seets over their written down values for manipulations. Other imming differences.

Other imming differences. 635 217 167 Profit before taxation. Deferred taxation is provided under the liability method on timing differences except to the extent that, in the opinion of the directors, the tax relief gramed is likely to communion the foreseable functs. (L031) Charge for the year Deferred unation released in respect of stock appreciation relief to previous years (425)(124)197 Ð (011) 257 Profit attributable to shareholders Retained profit/(deficit) brought to Dividends: 153 452 210 (11) 260 115 109 421 266 (i) Interestin Substitiavies 305 311 The interest in the shares of subsidiary communities is stated at directors' valuation on a heats which takes account of the most recent valuation of the investment properties of the automizates but valuation do deferred (41) œ (109) (131) (164) First interim Second interim (4,285) 70 (3,920) 257 234 (11) 256 452 Retained profit/(deficit) carried forward. In accordance with the Group's accounting policy and reflecting the Directors' intention that the investment properties are held for the long term, no provision has been made in respect of taxation on capital gains which would arise if investment properties were realised at the valuations at which they are included in the accounts, nor has any provision been made in respect of inclustrial building allowances which have been claimed. . 4.20p 2.60p 1.53ρ Earnings por share 7.7 LOOp 2,100 (A) Tarmayer Thankwar consists of gross ranial income and the proceeds of sale of properties held for trading. 7.13 Current assets 2. Revaluation Reserve Movements Il menus ended 30th 7. Notes Carrent assets at 30th September, 1991 comprised: .Сепрал £000 2,257 1,165 183 £000 1977 Properties held for trading including work in progress Debtors Bank balances and cash 38 192 5000 901 0000 £000 (43) £000 £000 919.9 Unroalised surplus/(deficit) on revaluation
Transfer of revaluation (surplus)/deficit realised
in the period to distributable Capital reserve 230 (43) 127 (121) 858 207 (36) 1.481 8,635 Gross rental iccome Sale of properties held for trading it has not been practicable to apply retroactively the policy of amutal revaluation of properties. In the years ended, 31st October, 1979, 1979 and 1980 certain properties only were revalued. 1,645 2,340 2,382 2,683 Current liabilities at 30th September, 1931 comprised: Commany \$000 2,191 1,120 435 120 3,600 £000 647 1,116 435 7.2 Net trading income 3. Distributable Capital Reserve Movements Years ended 31st Octob 1978 1979 2,000 £000 585 (372) \$22 (437) £000 917 (393) 5000 1,588 (1.175) (150) 4,198 1977 Sile of properties held for trading Cost of sales Province for diminution in value of land 7,466 \$000 82 £000 470 £000 **£000** 270 £200 516 Realised surplus on sale of properties
Transfer of revaluation surplus/(deficit) realised
in the period from revaluation reserve
Realised surplus/(sale of measure
Transfer of realised surpluses
Transfer of realised surpluses
Transfer of the respect of capital allowances
on expenditure of investment properties
Advance corporation tax Included in taxation is an amount of £930,000 which has been set exide to cover possible taxation liabilities in respect 495 223 524. 261 of the sale of a subsidiary company in 1973. It may not be possible to detarmine for some time whether or not this provision is required. 82 (110) 121 (4) (21G) (137)7.5* . (53) CLOSID ന 158 (47) 85 (119) 7.18 Share capital 7.3 Interes 11 months ended 30th The authorised and issued share capital of the Company at 30th September, 1981 was: 158 308 88 235 428 £000 150 626 Authorised: 750,000 ordinary shares of £1 each ... Years arried 51st October 1977 1578 1979 1990 168 Issued and fully paid: 825,910 ordinary shares of £1 each 81 81 231 1000 73 418 £000 331 570 \$000 698 1,075 5000 543 1,208 Bank interest On 4th March, 1982 the uniformed share capital was increased to \$4,750,000 and each of the existing 623,910 ordinary shares of 21 was subdivided into four ordinary shares of 25p each and 7,610,620 ordinary shares were saused to the Company's shareholders by way of expitalisation of share premium account and other reserved in the total sum of \$1,575,000. 4. Balance Sheets at 30th September, 1981 491 423 801 1,773 1,605 . Interest transferred to cost of properties: 嚼 COST \$2000 £000 491 422 764 1,139 838 Investment properties at valu Fired assets Inverest in subsidiaries at valu 284 70 3,645 The reserves of the Company and the Group at 20th September, 1981 comprised: Delerred taxation £000 1,775 12,804 3,910 334 \$000 1,773 17,047 General expenses included: 11 months ended 30th 25,796 25,513 Years ended Slat October, 1978 1979 Retained profit 1881 1977 18,823 18,823 2000 £000 7.15 7.16 18,823 Depreciation Leasing and hire charges 626 18,623 18,449 Short term barrowings 7.17 Short term borrowings 26,796 25,513 7.5 Taxation Short term horrowings at 30th September, 1981 comprised mortgages and bank leans repayable: The taxation (charge)/credit, based on the profit for the period, comprised: Company £000 5,431 633 Years ended 31st October, 1978 1979 1811 1981 2000 2000 £000 5. Consolidated Statement of Source and Application of Funds 7,347 UK Corporation tax at 52 per cent:

Tax payable
Deferred taxation
*Transfer from capital reserve in respect of
corporation ax charged against resilised
cantal surphises 6,064 (264) 10 11 months ended 50th (187) 35 corporation an charged against realised capital surphises
Transfer to capital general of relief in respect of capital allowances on expenditure on 1930 7.18 Guarantee 53 -108 110 210 -£000 . 20000 5000 5000 £000 est of subsidiary companies. At 30th Sept Scurce of funds:
Frofit before taxation
Adjustment for items not involving the movement (88) (158) (160) 311 (59) 167 685 277 (EJ) (471) - 11 Depreciation
Taxation relief on interest transferred to (58) (234) CSBCD (27) (124) 7,19 Capital commitments Deferred taxation released in respect of stock appreciation relief in previous years, pursuant to the finance Act. 1981
Taxation underprovided in previous periods (72) C33 (471) cost of properties Total nonerated from operati Funds from other sources. Sale of properties Sale of other investments Loans on mortgage repaid Issue of shares Mortgage advances There was no outstanding authorised capital expenditure at 30th September, 1981. 171 449 621 309 (185) 19Z (35) 1,205 3 (58) (234) 170 (124) The taxation (charge)/credit was rechiced/(nucreas in respect of: Scote appreciation relief Other permanent traing differences Losses carned forward Jew bases broughtforward 8 710 2,100 8. Pro Forma Consolidated Balance Sheet 423 (20) · 1,000 2,5:2 1,700 36 (4) (ID) <u>ශ</u> The following are forms consolidated balance sheet is based on the audited consolidated balance sheet of Croup at 30th September, 1981 adjusted to show the approximate effects of the following subsequent and interstructions as though such events had taken place on that date:— 300 (3) (3) 984 4,197 4,558 1,687 3,838 (EI) (73) (11) (8) (13) (40) 329 19 2,033 11 42 22 53 109 348 250 mber, 1981 by Royal insurance Company plc of £3.500,000 Tł per cent. con-2,464 (b) the subdivision on 4th March, 1962 of each of the emissing 625,610 ordinary shares of 21 into four ordinary shares of 25p each and the issue of 2,510,920 new ordinary shares to the Company's shareholders by way of capitalisation of share premium account and other reserves in the total sum of \$1,877,730; "The credit to profit and loss account in respect of corporation tex charged against realised surpluses on sale of properties and investments represents the tex value of revenue losses set off against the liability to corporation (c) the subscription by Hambros Bank Limited (conditionally on the Council of The Stock Exchange admitting to the Official List the share capital of the Company, issued and now being issued) of 1,500,000 ordinary shares of 25p such at 195p per share. The net proceeds to the Company of the planing are estimated at \$1,660,000; The charge to profit and loss account for relief in respect of capital allowances on expenditure on investment properties represents the tax value of relief which has been realised as a result of capital expenditure and is increiore credited to distributable capital reserve. Advance corporation tax considered to be irrecoverable as a result of this relief has been correspondingly charged to distributable capital reserve in the following amounts: 1978 £16,000; 1979 £47,000; 1980 £128,000 and 1981 £118,000. 1,963 3,134 2,234 402 (1,119)(d) the subscription by Royal Insurance Company p.l.c. on 27th April, 1982 of a further £1,000,000 Ti per cent. 704 Increase/decrease) in working capital:
Properties held for trading including
work in progress
Deltors
Creditors
Uncrease/decrease) in just hould fund the repayment of bank loans and mortgages amounting to £3,500,000 in Decamber, 1981 and expected repayments of other bank loans and mortgages amounting to £2,690,000 in April, 1983; (107 (107) (89) 235 (205) (421) 848 (1,470) 409 141 44 (f) the transfer of certain properties from investment properties to development properties on the com-161 1,758 7.8 Dividends (1,115) (9) First interim dividends were paid at the rates of 6.6p., 13.6p., 17.5p and 21p per share on the issued share capital of \$825,000 in respect of the years ended 31st October, 1977 to 1980 respectively and were declared at the rate of 22p per share on the issued share capital of \$825,910 in respect of the slaves months ended 30th September, 1981. The Directors have subsequently declared second interim dividends for the year ended 31st October, 1960 at the rate of 1.6365p per share on the enlarged issued share capital of £2,503,640 psyable on 2nd April, 1982 and for the eleven months ended 30th September, 1981 at the rate of 1.239 per share on the enlarged issued share capital of £2,503,640 psyable on 2nd April, 1982 and for the eleven months ended 30th September, 1981 to the starsholders on the receiver on 18th March 1982. (193) (g) recognition of the property valuation by Jones Lang Wootton at 12th March, 1982, abowing a further rev surplus of £800,000. 704 2,234 402 (1,179) Assets employed investment propert Development proper Fixed assets Erm of £2,503,640 payable on 28th February, 1983 to the marcholders on the register on 19th March, 1882, 6. Accounting Policies Other investment The principal accounting policies of the Group, which (except as mentioned in 8(c) below) have been applied consistently throughout the period under review, are as follows: 7.7 Earnings perahara The calculation of earnings per share has been based on the profit after texation for each yeared and on 10,014,500 the Calculation of extracts for many his front least of the share capital and the capitalisation issue on 4th March, 1882 referred to in note 1.15 below. The cardings per share for the year ended 31st October, 1880, calculated on the profit after taxation of £284,000 before taking account of the release of deformed taxation in respect of stock appreciately. Corrent liabilities 34.8 The accounts include investment properties at their open market values and in other respects are prepared under 31,4 tion relief in previous perioris, ere 284p. Financed by: Share capital Reserves The consolidated accounts include the audited accounts of the Company and its subsidiaries. I.S Investment properties The properties of the Occup at 30th September, 1981 are stated at valuations made on the basis of open market value Properties held for investment are stated at 30th September, 1981 at open market valuation. For the future it is misuded that each properties will be stated at each believe sheet date at their open market valuation as at that date, made either by the directors or by independent professional valuation being made at least once every fire years; it has not been possible to apply this policy retreastively. 31.4 Valued by Jones Lang Woollon, Chartered Surveyors The disposal of investment properties is accounted for on exchange of contracts, provided that legal com-pletion has taken place before or within three months after the end of the accounting period. based on 14,395,876 stares, being the number of shares in issue after all these its and conversion of the loan stock.

Valued by the Directors

Capital surpluses and deficits arising on revaluation are transferred to or from the revaluation reserve. Capital cluster and deficits arising on sale, including revaluation surpluses and deficits of previous periods, are trans-

nurpluses and deficits arising on sale, including revi ferred to or from the distributable capital reserve.

30,225

30,234

Hodgeon Harris & Co.

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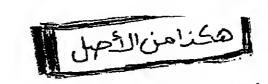
CONTINUED

Peak Marwick, Mitchell & Co. Chartered Accounts

Yours hithfully.

Gendamen.

We have reviewed the accounting policies and calculations for the profit forecast (by which the Directors are solely responsible) of Standard Securities PLC ("the Company") and its subsidiaries ("the Cropp") for the prior coulding 30th September, 1982 included in the Prospectus dated 25th March, 1982 insued in cognection with the placing of 2,200,000 Configury Shares of 25p each of the Company.



VALUATION OF PROPERTIES

The following is a copy of a Valuation by Jones Long Wootten, Chartered Surveyors, of the Group's properties as at 12th March, 1982; the Valuation excludes minor interests, which have been valued by the Directors, and properties held for tracting, which have been treated in accordance with the Accounting Policies set out in the Accountants Joint Report. Phase II, Synion House, St. Ives Road, Maidenbead, Berkshire B. Properties held for development or refurbishment in the future Terms of existing featurales.
The building is lette Rolls Royce Pension Trust Limited on a full repairing and insuring lease for 89 years from 8th February, 1922 (with an option for a further 26 years). The initial rest payable is \$67,412 per minute and will be calculated at 49.058 per cent, of the minute and will be calculated at 49.058 per cent, of the minute and will be calculated at 49.058 per cent, of the minute and will be calculated at 49.058 per cent, of the minute and will be calculated at 49.058 per cent, of the minute and will be set to the set of the minute and the set of the Property The Broadway Essaie, Stratford, London, ElS. Description, say and tenure

A new office building completed in 1882 and providing
some 18,270 sq. h. of scommodation on ground and
four upper floors with perking for 36 ckm in the
basement and at the rear. (Various individual proparties including Nos. 63a and 65a Broadway, 4/6, 8, 10/12, 32/54, 36 & 40 Rombrd Road and land at the rear; No. 42 Cross Street, 18 Transway Avanue and adjacent building in Victoria Street.) Description, age and tentire
Ten freshold properties and one leasehold property
within a Comprehensive Development Area
predominantly designated for once use and forming
part of the Straint of Central Area. The freshold
property comprises about 3.25 arres and that hold on
larges in 1.33 acres. Terms of existing tenencies
All recancies of the freehold property have lease expiry
dates, redevelopment break clauses, or exclude the
socurity of remare provisions of the Landlord and
Tenant Act whereby possession can be gained as
required. The current load gross rent from those
lettings is ETZ. 150 per unman. The planning permission restricts occupation for the first five years to Syntex Pharmaceuticals Limited or associated company under the same control. In scoordance with the instructions of Standard Securities FLC ("the Company") we have valued the various freshold and lessshold properties owned by subsidiaries of the Company, as listed and described below. We have carried out inspections, made relevant local sequences and obtained such further information are consider necessary for the purposes of providing you with our opinion of the open market values of the relevant interests of 12th March, 1982. The properties were previously valued for the purpose of the Company's accounts as at 30th September, 1981 when the aggregate of open market values reported was £30,225,000 (Thirty Lillion Two Our valuations have been made for any expenses of realisance, or for transfor which implies in the svent of a disposal, deemed or otherwise. We have considered each property as if free and clear of We have not read all documents of the or leaves and for the purpose of these valuations, have accepted the datally of temper, areancies, planning consents and all other relevant information with which we have been supplied by officers of the Company and which we understand have been understand by the solicitors acting in this matter. We write assumed that the properties are tree of encumbrances, restrictions or other chargings of an energies names with would affect the value, other than those which have been understand to us. We have accepted and used, in accordance with such consents and have assumed that the properties have been erected, and are being occupied and used, in accordance with such consents and that their are no occus of the company's assurances are tree of encumbrances, restrictions or other outgoings of an energies names with such consents and have assumed that the properties have been understand to us. We have not can original planning with such consents and that there are no occus of encumbrances, restrictions or other outgoings of an energies planning with such consents and that there are no occus of encumbrances, restrictions or other observations, in a accord A wholly-owned subsidiary of Syntex Pharmaceuti Limited has taken an underlasse for 25 years from 15th Fahruary, 1982 with five yearly rem reviews. inguar ca. Has current total gross rent from those lettings is £72.150 per unmin.

The former cinema building is lot on two lenses for storage and gyamacium uses, exprings in Narch 1822 and March 1933, at a current total ront of £2.560 per anim. The principal tenant, paving £2.500 per anim. The principal tenant, paving £2.500 per anim. It is no give up possession on 25th March, 1983, in onable relating of the first Boor to provide sports and bissure facilities required by the local authority as a condition tenant for the "Village" proposals.

Vacant accommodation in this building has a potential rental value, when lot, of about £56,800 per animum. The actional tenant factors is let on a full meaning the first floor. Estimated current not annual regar raceivable An online planning permission was obtained in 1979 for a comprehensive redevelopment including some 287,800 sq. ft. of office accommodation (taking in also some additional land). The Company has since ambrained an online application for a revised achieme which includes some 184,000 sq. ft. gross of new office accommodation. Eccemmodation.

The freshold part of the revised scheme is to be known as "The Breadway Office Village" and 24 individual buildings are planned, to meet the demand for smaller units in this location. These would provide 121,000 sq. ft. of offices together with a wins har, resummant and 121 parking spaces. The halance of 83,000 sq. ft. of gross offices would be included in an avanual redevelopment of the lessehold land currently occapied by a former cheme halding and an old ringle storey famory. 21 Wadsworth Road, Parivale, Middlesex. Texas of existing tementles Let to Mardon Composites Limited on a full rep-and insuring lease for 15 years from 23th Decer 1960 at a real of £77,500 per annum, subject to m A single-storey factory dating from the 1930's, providing a total of some 61,855 ag. ft.in all, of which 40,835 ag. ft.in all, of which accommedation being in the form of a first floor The edjacent factory is let on a full repairing and insuring lease expiring in September 1965 at a fixed rent of \$400 per annum. Miscallaneous income, including liconce fors frata advertisement heardings, totals £3,075 per amura, We understand that although the "Village" scheme would be constructed in phases over a number of years, development could commence within 6 months of the granting of planning cousons and without additional land acquisitions. Estimated current not annual rents receivable £77,500 With two exceptions, the landlord romains hable for structural and saterior repairs, decoration or: to existing buildings; we understand however that insurance promitions are recoverable under all leases Capital Value in existing state £700,000 Existing buildings include older office, factory, workshop and storage accommodation. workshop and storage accommodation.

The leasehold property (comprising the former cinema and artiacent featory) is held from the London Borough of Newham for 99 years from 31st October, 1980 (with an option for a further 28 years, a) 45,000 per annum for the first five years, thereafter reviewshie annually to the higher of 25,000 per annum and 12 per cent. of the nex remail income from buildings on the site. The lease allows the Company the option of either partial or more substantial redevelopment and in the case of the lattor, a new lease for the full original form may be claimed from the date of redevelopment. If the redevelopment of the form the date of redevelopment to prion is exercised within the first 20 years, the rental provisions of the present lease would continue to apply. 5/27 Onesa Victoria Street, Reading, Barkshire. Long leasehold Description, age and tenure
The property, which is within the principal shopping
area of fleeding, comprises a parada of an shops
(including two double units) with some 11,060 ag. ft. of
office accommodation arranged in small suites on three
upper floors. (Over 900 yrs) (Over 90 yrs) £10,350,000 £4,000,000 £5,100,000 Tenns of existing tenancies

The property is let on 19 leases empiring between 1988 and 1986, seven with real reviews at seven yearly intervels, the remainder at inservels of five years or less. Current gross remainder 1118, 420 per annum. One slop and one office suits are vacant and available for letting. C: Properties occupied primarily by the Company £75,000 £11.300.000 £10.360.000 The building dates from shout the turn of the century and has a listed terraports facade. £9,100,000 £75,000 The shope are let separately with the exception of Nos. 5 and 11 Queen Victoria Street where the upp floors are included. The individual properties are described below :floors are included.
With the exception of six lesses where the landlord reason liability for the extender and structure, we understand that landlord's outgoings are fully recoverable; all insurance premiums are reimbursed. Several lesses nomish redevelopment break clauses. A. Properties held as investments Estimated convent net annual zents zecejvable \$121,220 (Includes estimated zents) value of varant Estimated contrast net around remis receivable 1122,850 (Includes estimated rental value of pure of the lessehold property currently vacant, at £36,500 per Eastgate House, 10-42 Eastgate, Leads, West Yorkshire Capital Value in existing state £2.202.000 Tename include W. H. Smith, High & Mighty and Lawleys. minton, age and tenure ffice and shop building providing about 58,000 ag. offices on five types floors and twelve shops uding three double units and one triple unit), se is a basemem car park with 37 spaces. Terms of endering tenuncies
All office leases expired on 28th September, 1931 or
23th December, 1931 and all tenuns have indicated
their desire to renew. Agreement has been reached
with the main occupier, the Property Services Agency,
in respect of some 32,650 og, ft., and also with one other
tenunt. The total rent on renewal of these leases is likely
to be in the under of 1965,300 per annum. There are
likely to be five new leases, three of which will be to
the Property Services Agency; it is intended that all
will provide for real retrieve at intervals no greater
than five yearly.
Whe shapes are let on bitseen year leases from dates. Capital Value in existing state \$1,000,000* Although built in 1990, extensive repairs and modernisation were carried out in 1980/81. 258/290 and 284/339 Famham Road, Stoneth, Savinhire. Description, age and tenure Twenty-nine shops (including one double and ma-triple until with maisonettes on two upper floors, as supermarket, located in a dense readental area adjacent to the Slough Trading Estate. Terms of existing transmiss.
Let on 30 leases expiring between 1983 and 2003; 22 shops with rent reviews allow yearly intervals, the remainder without higher review. Current shop rents total £151, 375 per annum. Victoria Station House, 181 Victoria Street, and 8-10 Terminus Place, London, SW1, Estimated correct not somal rents receivable \$248,250 Terms of emising tenancies
The offices are let to Humphroys and Classes w Limited
on a full repairing and mauring loses for 53; years from
25th March, 1870 at a current rout of EDS, 031 per
amins, subject to 7 years upwards-tally rent reviews.
The tenant has contracted to surrendor the lenses and to
give vacant possession on 31st March, 1982. earniption, age and tenure n office building of some 40,390 sq. (t. on eight upper ours with a self-contained ground floor entrance spelher with adjacent restaurant premises on ground of metawarms floors. Nine shops are let on filteen year lesses from dates between 1978 and 1981, and have reat reviews at five yearly intervals or less. Terms for new lesses have been agreed with three other shop tenents, two of whose lesses expired on 22th September, 1981, and one which will expire on 12th May, 1982. Currout shop remis total \$61,960 per amount. Builtin two phases in 1956 and 1962. The supermarket is let for 969 years less 21 days at a fixed rant of £430 per summ. Lessahold for 993 years from 24th June, 1837 at a fixed rest of 2.5 peace per ansum. Capital Value in existing state £3,800,000 Leases are generally nofull repairing terms and all insurance premiums are reimbursed. The buildings are understood to have been constrain 1924 and a major refurbationant of the office accommodation is new proposed. Estimated current net annual pants receivable £151,795 Tenants include the British Stee Corporation, Rumbelows and Sketchley. The restaurant is let on full repairing and insuring term to Legal & General Assurance Society Limited for fil years from 20th March, 1803 at a fixed rent of \$105 per anum. accommodation is new proposed.

Lessehold, field under one lease for 89 years from 24th pme. 1877 (with an option for a further 28 years) at a rent of 255,000 per samum, subject to upwards-only rent review, initially every sevon years, to 125 per cent. of the aggregate of net rects receivable at the respective review dates and the rents! value of any vacant purs. From 25th December, 2023 the same formula will apply, geared to raviews in occupation leased, but at out less than seven yearly intervals. All Landlord's outgoings and expenses on insurance Capital Value in existing state \$2,250,000 The Cuardian House, 119 Farringdon Road, London, ECL. Delica House, 187/208 St. John Street, London, ECL. Terms of existing tenencies
Letto Guardian and Menchester Evening News
Limited on a full repairing and insuring lease for 35
years from 30th September, 1978. The current rest is
£350,000 per ammin, rising by aimsel increments of
£10,000 to £390,000 per ammin by 34th june, 1985.
There are upwards-only rent reviews at 24th june, 1988
and at five yearly intervals thereafter. Description, ege and terrore

A multi-storay commercial building extending to some

83,880 sq. ft., built during 1974/5 and finished to office
standards. It is lected about † mile from Parringdon
Underground Station and is close to the Hatton Garden
isomalism and a standard and the standard and Terms of existing immeries

Letto Arment Foods (UK) Limited, a subsidiary of the
Greyhound Corporation of America, on full repairing

rems for 35 years explained on Stat March, 1997. The
current rem is £155,000 per ansum with one rand

review on let April, 1983. A substantial building comprising approximately 50,000 sq. ft. ast of industrial accommodation on basement and ground floors, and 24,000 sq. ft. of office on per ground and three upper floors. The offices have en established use certificate. Estimated current net annual rents receivable Capital Value in existing state \$5,100,000 The accommodation which is no lower ground, ground and six upper floors, has sprialders throughout and designed Boor loadings of 255 lbs p. sq. ft. There is still commal hearing, two 12 penson passengeriffs, three 3 ten goods lifts and rear service area with 13 parking The building dates from the mid-19th century but was substantially reconstructed after 1945. Perts of the attucture are listed Grada II. The tenant is responsible for all insurance except for one third of the rent insurance premium. Leasehold for 125 years from 25th March, 1977 at £20,000 per amum, reviewable every 14 years to 8 per cent. of rack rental value. C. Properties occupied primarily by the Company Capital Value in existing state 21,300,000 Property Fifth Floor, 6 Arlington Street, London, SW1. Description, age and tenure
Two modern, readential flats, each comprising three
rooms, kitchen and bathroom, located on the top floor
of a building which is principally used as offices. Terms of existing tenuncies
One flat is sub-let for the full term of the headlease at a
fored rent of £1,180 per amount, plus 42,667 per cent, of
the total service charge incurred in excess of £2,00 per Nos. 39, 89/892, 61 and 63, Broadway, and Nos. 2 and 30, Romford Road, Stratford, London, E15. Leasehold, held for 35 years (rom 24th June, 1967, expiring 20th June, 2002, as a fixed rent of £2,500 per amount exclusive of service charge. Our valuation of this interest is prepared on the understanding that a premium on assignment is permitted under section 127 of the Rent Act 1977. Terms of existing treancies
Four buildings are let on single leases, the remainder
on a total of twelve leases. Description, age and temme
Six independent three-storey buildings together
providing some 15,440 ag. it. of offices and mentary
strange, Con Indicate is in temporary use at a number
anneae, and another includes a licensed betting office 36 Creet Smith Street, London, SWI. The total service charge is £200 per annum plus an additional committee related to the annual increase in the Benzil Price Index since 25th December, 1968. Terms of existing tenancies

Lette a Government-owned company no a full repairing and insuring lease for 25 years from 24th june, 1881 at an intital rate of 442,500 per amount with 5 yearly rent reviews to 63½ per cent. of rack rental Description, age and tenute
A period style office building providing first-class
air-conditioned accommodation of about 32,000 sq. it.
on basement, ground and three upper flows, together
with two flats on the fourth floor. There is basement
parking for 4 cars, served by a lift with access from
Tuffon Street at the rear. Fourbean office leases, expiring between 1865 and 2003, here rent reviews at intervale of five years or less.

Notice has been surved to terminate one lesse in June 1862 and the missous lease, which conhects the security of temm's provisions of the Landord and Temm's Act 1864 expires no 25th March, 1862. Total current gross ranks are 582,387 per amount. Endowsted current not summed routs receivable. The planning consent for office use restricts occupation to Government and related bodies, national institutions and to named occupions within specified non-commercial categories Both landlard and teasuri have coveranted to apply jointly for planning consent for unrestricted office use and if gramed, reviewed rents will increase to 100 per cent, of rack tental value. The hulldings date mainly from the minetoenth court but four have been rejurblahed to modern standard Two buildings are listed Grade II. Capital Value in existing state £75,000 The building, which dates from the 1920's, was returbished and extended in 1960'81. Four buildings are let on full repairing lesses or with comprehensive service charge arrangements to recover landlord's outgoings. Freehold. Learnheld for 923 years from 24th June, 1979 at a fixed rent of £1,600 per amount. The massum annexe is also maintained at the tenent's expense. The landlord remains responsible for major repairs in respect of one building. Particulated our end net amount rends receivable 250,880 Hammated current not annual rents receivable £440,900 Yours Stifffelly JONES LANG TYOOTTON. Capital Value in existing state \$1,100,000 Landlord's insurance premiums are generally reimbursed, but management expenses are not recoverable under all leases. Chartered Surveyous Capital Value in existing state STATUTORY AND GENERAL INFORMATION In our opinion the forecast so far as the accounting policies and calculations are concerned has been properly compiled on the footing of the assumptions made by the Directors set out in the document reterred to above and is presented on a besis consistent with the accounting policies adopted by the Oroup.

Yours faithfully, Tenns of the Stock:

The Company entered into a Subscription Agreement with Royal on 18th December, 1981, under which Royal subscribed \$3.5 million nominal amount of the Stock for cash at par. Royal is to subscribe a further £1,000,000 incominal amount of the Stock for cash at par on 27th April, 1982.

The Stock was constituted by a Deed chard 18th Detember, 1983, the main provisions of which are as follows:

Disloss previously converted the Stock is repetable at par on 31st December, 1993 and in the meantings carries interest at the rate of 12 per cent per ampun.

(ii) The principal amount of the Stock is limited to £5 million.

(iii) The Company may not without the concent of the Stockholders create or issue equity share capital having different voting, dividend or other rights from those attached to its Ordinary Shares.

(iv) The Stock is convertible into Ordinary Shares of the Company at any time between 1st January, 1984 and 31st December, 1983. (a) The Company was incorporated in England as a private company on 6th April; 1970 under the name of Psylamic Investment Limited and on 21st October, 1970 changed in name to Standard Securities Limited.
(b) On 28th July, '1981 the Company assued 910 Ordinary Shares of £1 such to the trustees of the Employee Shares of £1. 1. The Company (c) On 26th July, 1981 the Company resued 910 Ordinary Share of \$1 into 4 Ordinary Shares of 25p each;
(d) Ath March, 1982 the Company:—
(e) On 4th March, 1982 the Company:—
(f) subdivided each issued and missued Ordinary Shares of \$1 into 4 Ordinary Shares of 25p each;
(ii) increased the authorised share requisit to \$4,750,000 by the crustion of an additional 16,000,000 Ordinary Shares of 25p each;
(iii) slicted credited as fully paid 7,510,820 of such Ordinary Shares to the holders of the existing Ordinary Shares by way of capitalization of share premium account and other reserves;
(iv) passed a resolution to apply for re-registration as a public company;
(v) altered to Memorandum of Association:—
(a) with respect to its objects;
(b) to state that the Company was to be a public company;
(c) to conform with the requirements of the Companies Act 1990 with respect to the Memorandum of a public company; and
(vi) adopted new Articles of Association.
(d) The Company was re-required as a public company on 17th March, 1983.
(e) On 25h March, 1982 the Trustees of the Employee Share Scheme were allotted 4,078 Ordinary Shares of 25p each for each at 136p per Share.

(f) Save as aloresid, there have been no alterations in the chare capital of the Company within the 2 years preceding the date of this document. Hodgson Harris & Co (ii) The following is a copy of the Report of Hambros :-The Directors. 25th March, 1962 Genilsmen. We have discussed with you and with Hodgson Harris & Co. and Pest, Marwick, Mitchall & Co. the profits forecast of Standard Securities FLC ("the Company") and its subsidiaries for the year ending 30th September 1862, included in the Prospectus dated 25th March, 1862, together with the assumptions on which it is based. We consider that this forecast (for which the Directors of the Company are solely responsible) has been made after this end carreful enquiry. S. Service Agreement Yours faithfully, for and on behalf of Hambros Bank Limit C. H. Sporbory Director. The following are particulars of the Service Agreement between the Company and Mr. E. W. Struth:—

Date of Annual Agreement Remumeration 25th March, 1982
25th March, 1982
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25th M £30,000 The Directors consider that, immediately following the Flacing, the Company will not be a close company as defined in the income and Corporation Trace Act 1870.

Combination has been obtained from the Inland Revenue that no apportionment of income of the Company's submidiaries will be made for periods up to 30th September, 1961, in order to evoid an apportionment of the Company's income for the year ended 31st October, 1960, and the 11 manufae anded 30th September, 1861, second internal dividends have been deduced amounting to £163,700 payable on 2nd April. 1868 for the year ended 31st October, 1960 and £133,000 payable on 25th February, 1933 for the 11 months ended 30th September, 1861. For the same reason the Directors intend in declare at a later date a third interim dividend amounting to £139,300 payable in or about jamary, 1933 for the 11 months ended 30th September, 1861. Full provision for the second interim dividends has been made for the balance sheets at 30th September, 1881 in the Accommant's joint Report since these dividends will be paid to the sharsholders on the Register on 18th March, 1862. However, no provision has been made for the shirth interim dividend because that dividend will form pary of the dividend of LAp per slare, referred to in paragraph 7(c) of "Particulars of the Group" above, which the Directors expect to recommand for payment in or about jamary, 1881 on the submyled issued share capital. Although part of this dividend will be declared on all profits for the 11 months ended 30th September, 1861, it will form part of this dividend will be declared on all profits for the 11 months ended 30th September, 1861, it will form part of this dividend will be declared on all profits for the 11 months ended 30th September, 1861, it will form part of this dividend will be declared on all profits for the 11 months ended 30th September, 1861, it will form part of this dividend will be declared on all profits for the 11 months ended 30th September, 1861, it will form part of this dividend will 2. Subsidiaries The Company has the following subsidiaries (all wholly-owned private companies incorporated in England):—

Date of Paid up

Name

Incorporation Share Capital Material Contracts
 The following Contracts (not being contracts entered into in the ordinary course of business) have been entered into since 25th March, 1960 and are or may be material:—

 dated 25th March, 1962 between the Company (i), C. W. Leigh (ii), the Directors of the Company (iii) and Hambros (iv), being the Contract mentioned in paragraph 3 above;
 dated 25th Merch, 1962 between G. W. Leigh and R. W. Struth (i), the Company (ii), the substituties of the Company (iii) and Hambros (iv), being the Deed of Indemnity relating to taxation mentioned in paragraph 6 above;
 dated 25th March, 1962 between the Company (i) and R. W. Struth (ii) being the above-mentioned Service Agreement;

 Leigh London and Suburban Properties Limited
S.G.S. Frimers Limited
Six Arlungton Street investments Limited
Failcourt Properties Limited
Hosterof Investments Limited
Standard Securius (Investments) Limited
Plate wall Limited
Thistograce & Co.
Froguel (Properties) Limited
London Estates Limited
P.I.P. Securius Limited
Debriver Limited
London & County Homes Limited
G. W. Leigh (Administration) Limited 6.10.1959 14.12.1981 30.11.1964 29. 3.1971 12.10.1972 6. 9.1973 21. 3.1974 15.11.1974 15.11.1979 30.12.1959 14.12.1961 £, 10,000 20,800 10,000 10,000 10,000 30,000 3,637,500 10,000 10,000 1,000 (3) dated 28th March, 1962 between the Company (1) and R. W. Struin (1) being the anovernment;
 (4) dated 28th April, 1961 between the Company (1) and G. W. Leigh and R. W. Struin (ii), being the Deed constituting the Employee Share Scheme;
 (5) dated 28th April, 1961 between G. W. Leigh (Administration) Limited (i) the Company (ii) and G. W. Leigh and R. W. Struin (iii), being the Deed of Adharonce relating to the Employee Share Scheme;
 (6) dated 30th September, 1961, between the Company (i) R. W. Struth (ii) and M. Struin (iii), being 3 transfers covering a total of 1,000 Ordinary Shares of Li each of London & County Marina Limited (representing that company is issued above capital) for a total consideration of £2.01 payable on the sale of such expiral (and the Company also received £19.716 for sengining the bonefit of the company's indebtodness to it);
 (7) dated 30th September, 1961 between the Company (i) R. W. Struth and M. Struth (ii) and London & County Marine Limited (iii), being a Deed of Warranty and Indemnity relating to the sele under Contract No. 6 above; Articles of Association of the Company include provisions to the following effect:—
 Votes of Members

 (a) Subject to any rights or restrictions as in voting to any class of shares, at any General Meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by pruty or by a representative has one vote, and in the case of a poll every member present in person or by proxy has one vote for every 25p in nominal amount of shares of any class of which he is the holder. Marine Limited (iii), heling a Deed of Warrardy and Indemnity relating to the sele under Contract No. 6 above;

(6) deted 12th October, 1961 between the Company (i) certain subsidiaries of the Company (ii) G. W. Leigh, R. W. Struffi and T. J. B. H. Stranack (iii) and Norwich Union (iv), being an Agreement concerning the provision of finance supplemental to an Agreement dated 1th December, 1977 between substantially the same parties;

(9) dated 18th December, 1981 between the Company (i) G. W. Leigh, R. W. Struft and T. J. B. H. Stranack (ii) and Norwich Union (iii), being an Agreement supplemental to e Share Subscription Agreement dated 28th April, 1973 between the same parties;

(10) dated 18th December, 1981 made by the Company, being the Deed constituting the Stock;

(11) dated 18th December, 1981 between the Company (i) and Royal (ii), being the Stock Subscription Agreement; and 3. Issue Arrangements
Under Contract No. (1) below, conditionally on the Council of The Stock Exchange granting ant later than 7th April, 1962 a listing for the share capital of the Company, issued or now being issued as maniformed herein, Hambros 1962 a listing for the share capital of the Company, issued or now being issued as maniformed at 321,000 Shares), have agreed to purchase from Mr. C. W. Listin and Trestees of liciph family Settlements (e total of 321,000 Shares), have agreed to purchase from Mr. C. W. Listin and Trestees of liciph family Settlements (e total of 193,500 Shares) and other Sharesholders (a total of 193,500 Sharesh) at total of 700,000 ordinary Shares of 25p each of the Company et a price of 136p per Share, unit a visw to placing for 1,500,000 new Ordinary Shares of 25p each of the Company et a price of 136p per Share, unit a visw to placing for 1,500,000 new Ordinary Shares through Rowe & Finan. Under this Commant Hambros will pay a fee the resultant total of 2,000,000 Ordinary Shares through Rowe & Finan. Under this Commant Hambros will pay a fee to the brokers and Hambros' legal expenses. The Company will pay all other expanses of or incidental to the to the brokers and Hambros' legal expanses. The Company will pay all other expanses of or incidental to the application for a listing for the issued share capital of the Company and the transactions seasociated fravewith. The expenses payable by the Company, including the fee payable in Hambros, are settimated to amount to 250,000, expenses payable by the Company, including the fee payable in Hambros, are settimated to amount to 250,000, expenses of the ordinary of the Directoms, is required to be raised by the proposed issue of 1,500,000 Crudnary Shares of 25p each of the matters specified in paragraph 4 of Pert I of the Fourth Schedule to 1,500,000 Crudnary Shares of 25p each of the matters specified in paragraph 4 of Pert I of the Fourth Schedule to 1,500,000 Crudnary Shares of 25p each of the Directoms, is required to be raised by th by proxy has one vome for overy one at anomal manner and the Company to borrow money and to mortgage or charge its maderialing, property and uncelled expital or any part thereof and to issue debantures and other securities. The Board is to ensure that the segregate amount for the time being outstanding in respect of the moneys borrowed or ascured by the Group (exclusive of nurs-Group borrowings) shall not at any time, without the previous sanction of the Company in Centeral Meeting, exceed an amount equal to 3 times the adjusted expital and reserves (as defined in the Articles). and reserves (as defined in use remarks.)

Directors.

(c) A Director is not required to hold any qualification shares.

(d) The remainstance of the Directors is to be determined by the Company in General Meeting and (unless otherwise determined) divisied amongst fits Directors are sine Board agrees and, falling agreement, equally. The Directors are also entitled to be repeated all investing and hotel expenses incurred by them respectively in or about the performance of their chines as Directors. It by arrangement with the Board any Director performs any special duries outside his ordinary duries as a Director, the Board may pay him special remainstance (in any pays him special remainstance in any pays him special commission.) ment; and (12) dated 15th March, 1982 between the Company (i), G. W. Leigh (Administration) Limited (ii) and G. W. Leigh and R. W. Stroth (iii), being a Doed of Amendment relating to the Employee State Scheme. 11. Miscellaneous

(a) Neither the Company nor any subsidiary is empayed in any litigation or arbitration of material importance and on litigation or claim of material importance is known to the Directors to be pending or threatoned against the Company or any of its subsidiaries.

(b) A commission is psychile in respect of the issue of the Stock. Since 25th March, 1980, save as disclosed in paragraphs 1, 3, 4, 8 and 10 of "Saintory and General Information": (f) on capital of the Company or (except for capital issued to or owned by the Company or a wholly-owned subsidiary) of any subsidiary has been issued, or is proposed to be issued by the Company or a wholly-owned subsidiary) of any subsidiary has been issued, or is proposed to be instead in the company or damp subsidiary; and (iii) except in respect of an load or any share or lean capital of the Company or of any subsidiary; and (iii) except in respect of a noisy car old by a Director to e insuce house which fish leased it to the Company, no Director has or has had any direct or indirect interest in any assets acquired, disposed of or leased to or by, or proposed to be acquired, disposed of or leased to or by, the Company or any subsidiary.

(c) Save as dustioned herein, on Director of the Company is materially interested it any contract or arrangement subsisting to the date hereof which is significant in relation to the business of the Group taken as a whole.

(d) Eave as herein disclosed on capital of the Company or fary subsidiary is under option or is agreed conditionally or inconditionally to be put inder option.

(e) The aggregant emoluments of the Directors of the Company for the 11 sunds. ended 30th September, 1962 will amount to 589,000 (including 285,000 being a non-recurring payment to the widow of Mr. R. A. Masters).

(f) Mr. T. J. B. H. Stranack, a Director and shareholder of the Company, is a partner in the firm of Tim Stranack, which will receive normal professional fees in compection with the Flacing. any special duries conside his ordinary duties as a Director, the Board may pay him special renumeration (in addition to any bee or ordinary remumeration) which may be by a lump sum or by vary of seary, commission, participation in profits or otherwise.

The Board may establish and maintain any contributory or non-contributory pension or supersummation funds for the beastir of, or give or procurs the giving of donations, gratuities, pensions, allowances or employees of any company in, or essociated with the Group or who are or were directors or officers of any such company in, or essociated with the Group or who are or were directors or officers of any such company in, or essociated with the Group ment or office in such company, and the lamilies and dependents of any such persons.

A Director may be appointed by the Board to the office of Managing Director sudjor any other office or place of profit under the Company (surept that of Anditor) for such person, and the such remaineration as the Board may determine.

No Director or intending Director is disqualited by his office from contracting with the Company nor is any Director in any way interested liable to be avoided nor is any Director so contracting or being so interested liable to second to the Company for any profit realized thereby, but the mains of his interest must be determed by the Director at a meeting of the Board.

Save as consided below, a Director may not vote in respect of any contract or arrangement or any other Shareholdings the provisions of the Companies Act 1867 will be as follows:—

Ordinary Shares

Director

G.W. Loich

R.W. Struib

T. J. B. H. Strannick

Other than a holding of 1,800,000 Ordinary Shares (approximately 15.6 per cent) owned by Norwich Directors are not aware of any other shareholdings which will represent 8 per cent or more of the charged issued biracy and the Company.

Royal holds 5.35 million of the Stock and, subject to the issued share capital of the Company being admired to the Official List, will subscribe in cash at par a hirther \$1,000,000 normal amount of the Stock. Full convenients of the Stock would entitle Royal to have allotted to 11 \$287,238 Ordinary Shares of 25p each, representing 80 per cent of the issued share capital as enlarged by such convenien.

Immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain immediately following the Placing 4,604,124 Ordinary Shares of 25p each of the Company would remain immediately following the Placing 4,604,124 Ordinary Shares for provide of the masses with the made which would effectively alter the control of the name of the company and (b) no maistrial issue of Shares (other than to holders of Ordinary Shares for rais to their existing holdings) to the company and the made which would share a special of the made which would be company and the provide of the company and the provide of the company and the company and the company and the company and the company and the company and the company and the company and the company and the company and the company and the company and the company and the company and the company and th 6. Shareholdings in the Fiscing the biddings of the Directors as they will appear in the Register maintained under the provisions of the Companies Act 1967 will be as follows:—

Ordinary Shares for any profit realised thereby, but the paints of his interest must be declared by the Director at a meeting of the Board.

Save as provided below, a Director may not vote in respect of any contract or anadoment or any other proposal whetcoever in which he has any makinal interest otherwise than by witned in sinterest in abstract or debentwise or other securities of or otherwise in or through the Company. A Director will not be commed in the quorum of a meeting in relation to any resolution on which he is debented from voting.

In the absence of come other material interest than is indicated below a Director is emitted to vote and will be commed in the quorum in respect of any resolution concerning any of the following matters namely:—

Of the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at request of or for the benefit of the Company or any of its subsidiaries;

if the giving of any security or indemnity to a time party in respect of each or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in which or in part under a grant proposal concerning an other of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase in splich offer he is or is to be interested as a participant in the underwriting or subscription or purchase in splich offer he is or is to be imprecised as a participant in the underwriting or subscription or purchase in splich offer he is or is to be imprecised as a participant in the underwriting of any should not only the company or a set offered or absendiantly interested in I per cent or more of any class of the equity share explain of such company (or of sany third company in the adoption modification or operation of a superconsider found.) Hodgeon Harris & Co., Pest, Marwick, Michell & Co., Hambros and Jones Lang Wootlen have given and have not withdrawn fusit respective written consents to the issue of this document with a copy of their Reports or Valuation (as the case may be) and the references to them included therein in the form and context in which they are respectively multided. Profit Porecast - Assumptions and Reports sumptions on which the Directors have based the profit forecast contained in "Profits and Dividends", are as follows:—_____ 13. Dominants delivered to the Registrar of Companies

The documents statched to the copy of first document delivered to the Registrar of Companies for registration were a copy of the letter by which the above-mentioned Ordinary Shares are to be placed, the written consents mentioned above, a statement of the adjustments made by Hodgson Harris & Co. and Peat, Marwick, Mitchell & Co. in arriving at the figures set out in their joint Report and giving their reasons therefor and copies of the above-mentioned material compacts. re are as follows:

(i) Interest raises will not vary materially from nurrent levels.

(ii) There will be no deterioration in the merical values of properties held for trading.

(iii) House sales for the six months to 30th September, 1983 will be at a slightly greater rate than for the recording or months. (company);

(v) any proposal concerning the adoption, modification or operation of a superammetion fund or retirement, death or distribity benefits achieve under which he may benefit and which has been approved by or is subject to and conditional on approval by the Board of Inland Revenue for brandon purposes.

Where proposals are under conscitations occosming the appointment (nation) from or varying the terms of appointment) of 2 or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals may be divided and considered in relation to each Directors separately, such proposals may be divided and considered in relation to each Directors expensely. In such case each of the Directors concerned (if not debarred from voing under paragraph (i) (iv) above) is entitled to voik and will be counted in the quotum in respect of each resolution except that concerning his own appointment. (iv) from the me me are manage to sain september, 1982 will be at a slightly greater rate than for the previous air months.

(iv) There will be no material acquisitions or disposals of investment properties before 30th September 1982 Reports The following is a copy of the Joint Report of Hodgson Harrin & Co., Chartered Accountants, and Peal, Marwink, Mitchell & Co., Chartered Accountants. Copies of the following documents will be available for inspection at the offices of Norton, Rose, Botterell & Roche, Kempson House, Cameralle Street, London SCSA 7AN, during normal business hours until 20th April. 1982; (a) the patiest accounts of the Company for the respective financial periods ended 210 Crober, 1980 and 30th September, 1981; (b) the hierarchum and Articles of Association of the Company; (c) the Trust Deed constituting the Stock: and (d) the above-mentioned Reports, Steament of Acijustments, Consents, Valuation, Employee Share Scheme and Contracts. own appointment.

The Company may by Ordinary Reschilion suspend or relax the provisions summarised under paragraphs (g), (h), (b), and (b) above to any extentor rathy any transaction not duly sufficient by reason of a conferentian of such provisions.

The Articles of Association of the Company do not contain any provision to exclude the operation of section 185 he Companies Act, 1948 and accordingly special notice will be required of any resolution appointing or approving the appointment of a Director who has strained the age of 70. 25th March, 1982

Dated 25th March, 1982.

Critical time for Nigeria contracts

ITHE INVOLVEMENT of layed payments or by locally • £42m of railway works for overseas contracts and a signifi-British contractors in Nigeria imposed foreign exchange rethe Nigerian Railway Corporation of this will be is relatively modest by com-parison with Continental Euro- The rene and Dumez of France.

Nonetheless, some British contractors will be concerned lest recent moves to restrict imports and stem foreign ex-change outflows should herald a new era of Nigerian financial austerity, which could damage contracts and jeopardise future job opportuni-

Measures introduced so far, by the Nigerian government appear unlikely to affect long term construction contracts. However, Nigeria faces serious problems over dwindling oil revenues. Prolonged cash flow difficulties might eventually lead to some new projects being postponed while delays in meeting progress payments on existing contracts might be expected to lengthen.

The prospect is disturbing at la time when British contractors . have been moving back into a a market they bad largely ignored for several years.

There is a variety of reahave generally been less successful in winning Nigerian contracts than some of their Continental counterparts.

The failure of some com-panies to establish the right kind of contracts with State and government officials and with local agents and sup-pliers, has not helped their chances of winning prestige

But many companies have simply been reluctant to reenter a market where a number of contractors, including Tar-mac and A. Monk from the UK, got their fingers burned in the middle and late 1970s.

Part of this reductance can be resplained by Nigeria's historical dislike of financing major projects through offshore credit facilities. These however can provide a measure of protection for contractors, which are able to draw down funds as work progresses, without necessarily becoming bogged by de- Sokoto State.

tractors has as much to do with attitude towards accepting offabore credit facilities as any plex at Nicon,

Such loans, typically, cover up Nigerian Port Authority. to \$5 per cent of the cost of Another pointer to British goods and services; are at fixed, preferential, rates of interest; and are underwritten by the UK Government through the Export Credits Guarantee Department, ECGD has played an increasingly significant role in major construction orders won by British exporters in

recent months. In February this year ECGD announced that it was under-writing a £95m credit facility to support a contract won by Capital Plant International Limited to design, erect and commission a college of technology and a mining and metallurgy unit in Kwara State. It is one of several major construction contracts won recently in Nigeria by companies in which there are size-

able British interests. Costain International and Costain's 37.5 per cent associate Costain (West Africa) Ltd., for example, recently announced contracts totalling around £100m for the Water Corporation of Oyo State. The largest sbare of this workf67m for an offshore supply contract-will go to Costain

Major contracts

International.

to be held on Thursday 22nd April, 1982, at 10.30 a.m.

in the "Nederlands Congresgebouw", 10 Churchill-

1. Proposal to amend the Articles of Association and

to authorize the Board of Management - in accor-

dance with the provisions in Article 124, Book 2 of

the Netherlands Civil Code - to make any changes considered necessary by the Minister of Justice.

The proposal to amend the Articles of Association is

holders free of charge at the Company's office, 30 Carel

van Bylandtlaan, The Hague, and at the head office of

if the proportion of the issued capital required for an

amendment of the Articles of Association in virtue of Article 40 should not be represented at the meeting, a

second General Meeting of Shareholders will be held in

accordance with the provisions of that Article, which

meeting can adopt the proposal mentioned under item

1 of the Agenda by an ordinary majority of votes, irre-

spective of the proportion of the issued capital which is

A. Holders of share certificates to bearer may attend

and address the meeting and exercise voting rights if

their share certificates, or evidence that their certifi-

cates are held in open custody by De Nederlandsche

16th April, 1982, at the bank mentioned below, viz.:

B. Holders of registered shares may attend and address the meeting and exercise voting rights if they

make known to the Company in writing not later than

N.M. Rothschild & Sons Limited, London.

15th April, 1982, their desire to do so:

(Royal Dutch)

Bank N.V., are deposited against receipt not later than

able for inspection and may be obt

N.M. Rothschild & Sons Limited, London.

represented thereat.

REGISTRATION:

plein, The Hague, The Netherlands.

Other major contracts presently being pursued in Nigeria by a wide range of British construction and engineering

companies include: • A £50m hospital contract in Anambra State; in addition British companies are chasing contracts totalling £30m for bospital works in Banchi State. Contracts totalling £140m for water supply works in Imo State, Cross River State and

The renewed interest that has A £95m power station conipean companies like Billinger been shown, in the Nigerian tract for Delta Steel Company. and Berger of West Germany market by some British con- Housing projects totalling £80m in Kaduna State.

Another pointer to areas where British companies might expect to win work can be found in the UK Government's amouncement last year that it intends to make available £300m of credit facilities to support building work for the new federal capital of Abuja.

Nonetheless British contrac-

tors bave some way to go before they make up ground on some of the Continental European companies, which have been aggressively pursuing work in Nigeria. Bildinger and Berger and Dumez are perhaps the two largest overseas con-tractors with interests in Nigeria.
Billinger und Berger, how-

ever, may find itself particularly exposed should the Nigerian market turn sour. More than 80 per cent of the company's order book is represented by

The most successful of British contractors in Nigeria have been Costain and Taylor Woodrow. Both chese have maintained a continuous presence in the country over many years. Taylor WOODTOW, which operates • £45m-worth work for the through its 40 per cent-owned associate Taylor Woodrow Nigeria Limited, last year won orders totalling more than £110m; including a £40m irrigation contract for the Hadena Jama'are River Basin Develop-

> Costain through its Nigerian essociate currently has an order book of approaching £150m.

ment Authority.

Because both British companies operate through Nigerian associates -60 per cent or more locally owned—their exposure to loss-making contracts is mini-mal. ECGD-backed finance will also provide a cushion for many of the projects now being under taken by British contractors in Vigeria. Nonetheless these coreparties will be anxious that the situation in Nigeria should not deteriorate further and damage future earnings potential just as these might have been expected to have been realised.

ANDREW TAYLOR gineers

Overseas success for UK consultants

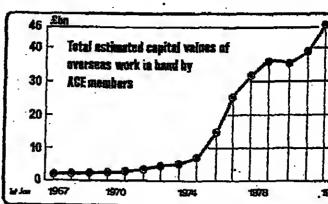
APART FROM a slight hiccup in 1979-80 Britain's consulting engineers can show a record of steadily increasing overseas work during the past 16 years.

In 1967 the total estimated capital value of overseas work in hand was £2bn. By the beginning of this year this figure had climbed to £46bn. These figures are published in Association of Consulting Engineers latest annual hand-

In 1981 consulting engineers generated invisible earnings of around £487m, an increase of 14 per cent over the previous year. The Association said that the increase was well in excess of the growth in capital costs. Expansion had been spread over nearly all fields of activity.

During 1981 new overseas commissions awarded to Association members, in terms of estimated capital value, almost doubled from £6.4bn in 1980 to £11.1bn last year.

Association's Silver Jubilee edition of its annual handbook, price £15, is available from the Association's offices at 12 Caxton Street. SWL It provides a detailed breakdown of a wide range of overseas contracts presently involving UK consulting en-



The second secon

INTERNATIONAL CONTRACTS

£48m North Sea loading buoy

This is a turn-key project and

is for the design, purchase, con-struction, offshore installation, testing and commissioning. The lesting and commissioning. The loading buoy will be constructed to SBM's design at two yards in Norway and one yard in France. Stord Verft will build the rotating bead, and the base will be built by Haugesund Mekaniske Verksted, while the column will be constructed in Dunkirk, France, by SNCMP. The assembly of the structure being assembly of the structures being built at the three yards will take place in Norway with final installation at the Statfjord Field in

Group, has been awarded a \$47m (£26m) contract to design and construct the shafts and under-

ground cavern system for the world's first bydraulically com-

pensated compressed air energy

storage system, to be used for

peak power generation purposes.

land Power Cooperative of

The contract, which is for Soy-

£26m energy storage system

THE AMERICAN subsidiary of overseas competition both into CEMENTATION, a member company of the Trafalgar House City which is one of the biggest

THE CONTRACT for building nected to the Statfjord C plat-the loading buoy for the Statfjord form by an underwater pipeline.

C platform has been won by
SINGLE BUOY MOORINGS of by Mobile Exploration Norway
Switzerland and is worth about on behalf of the Statfjord Group.

arranged a \$53m (£29.4m) contract to build a sea berth for a Philippine phosphate fertiliser plant on Mindanao. Japan has pledged loans to help finance the project. For construction of the fertiliser plant, the Philippine state-run National Development Company has awarded a \$30m (£16.6m) contract to a Japanese-Spanish consortium, led by C. FTOM AND CO. Kawasaki Steel Corp wilt undertake construction of the berth, with other Japanese companies providing loading and unloading equipwhen completed, the loading related facilities. The project buoy will serve tankers of up to 150,000 tonnes and will be con-

MARUBENI CORP. has

Work for Miller Buckley Work for Miller Buckley
Developments is for a new office
building in Cambridge adiacent
to Downing College. The 26,700
sq ft building has just commenced and will cost fl. fm.
Miller Buckley have also started
flin worth of work for phase two
of the Makhouse Trading Estate at Shoreham, to be completed early 1983, A £1.5m contract to convert an elderly building into 17 research laboratories has been awarded in

Bovis Construction by the Barts Foundation for Research. The contract, to convert Dominion House, a four-storey building situated in Bartholomew Close, London, ECI, will involve fitting out and providing 17 research laboratories, each one to include partitions, suspended ceilings, bot, cold and cooling water, fume curboard authorities and all cupboard extraction and all laboratory services.

builders (0462) 4444

UK CONTRACTS

TURRIFF CORPORATION has

secured further contracts together worth £4.2m. The jobs

include the refurbishment of 41

dwellings for the London Borough of Hillingdon; the refurbishment of an office black

for Cornhill Insurance; sheltered

housing for the North British

Housing Association, and the refurbishment of 101 dwellings for the Hounslow Borough

MILLER BUCKLEY CONSTRUC-

TION has been awarded a variety

A 1700,000 telephone exchange and service centre is to be built

at Dagenbam, commencing this month, for the Property Services

of contracts valued at £3.5m.

Council

THE DEPARTMENT of Transport has accepted the £1.8m tender of Tarmac Roadstone (Holdings) for major reconstruction work on the eastbound carriageway of the M62 between Whitley Bridge, North Yorkshire and Crowdall Broach Bridge, Humbereide, Work starts almost immediately and involves the reconstruction of the centre lane. construction of the centre lane, nearside lane and hard shoulder of the essbound currageway from Junction 34 (A19 Whitley Bridge) for a distance of 41 miles (7.2 km) eastwards towards Junction 35 (M62/M18 Interchange).

A fim contract to rebuild a water treatment works at Glass-ford, Lanarkshire, has been swerded to Degrement Laing by Strathelyde Regional Council. The new plant is to replace an existing slow sand filter station and will treat water from Kype and Glengavel reservoirs. Incorporating two Superpulsators and your Aquazur filters, the plant flow will be up to 23 temd. dosing plant, and sludge treatment with pressing is included in the contract as well as sophisticated electrical control ob opportunities.

sents a major break through for to open in 1985. Total estimated and monitoring equipment. ComDEBORAH PICKERING a British company against strong cost for the project is £29.5m. pletion is due in 1985.

Sub-contractors fear cowboy charter

GOVERNMENT MOVES to tax evasion by construction sub-contractors have been described as a "cowboys charter" by the Federation of

that they already have three

income tax returns. only sub-contractors in the con- these special certificates,"

with respect to shares of The Hague Registry.

with respect to shares of Amsterdam Registry:

at the office of Algemene Bank Nederland N.V., C.K.E.,

C. Holders of certificates for "New York shares",

which are depositary receipts issued pursuant to an

agreement dated 10th September, 1918, under which

The Chase Manhattan Bank, N.A., is successor deposi-.

tary, may attend and address the meeting if their certifi-

cates for "New York shares" are deposited against

receipt not later than 16th April, 1982, at Algemene

Bank Nederland N.V., C.K.E., P.O. Box 2230, Breda,

The Netherlands, or The Chase Manhattan Bank, N.A.,

What is stated above with respect to the availability for

inspection or the possibility of obtaining the proposal to

amend the Articles of Association likewise applies to

Shareholders and holders of certificates for "New York shares" who wish to have themselves represented at

the meeting by a proxy must not only comply with what

is stated above under A, B and C respectively, but also

deposit a written power of attorney not later than

19th April, 1982, at the Company's office, 30 Carel van

If desired, forms which as from today are obtainable

free of charge at the Company's office and the head

office of N.M. Rothschild & Sons Limited, London, may

holders of certificates for "New York shares".

POWERS OF ATTORNEY:

Bylandtlaan, The Hague.

be used for this purpose,

N.V. Koninklijke Nederlandsche Petroleum Maatschappii

Established at The Hague, The Netherlands

The Hague, 29th March, 1982

at the Company's office at The Hague;

P.O. Box 2230, Breda, The Netherlands;

with respect to shares of New York Registry

at the office of The Chase Manhattan Bank, N.A.,

General meeting of shareholders

New York.

reduce requirements for contractors using "uncerticertificates designed to prevent ficated labour" are expected to make 30 per cent deductions from the price of a job to cover tax liabilities. However the Chancellor in

Associations of Specialists and his recent Budget speech Sub-Contractors (FASS). The certificates, known as three year rule may be prohibit-"714 certificates," are awarded ing some school leavers from to individuals who can show taking work in the construction industry. He proposed a change years good record as a taxpayer. in the regulations "to enable They are issued to eligible subschool and college leavers to contractors who make necessary obtain special certificates." He additionally proposed to intro-The scheme is designed to duce "a guarantee scheme reduce tax evasion by labour- which may help others to obtain

The move has brought an angry response from FASS which says that the Chancellor failed to carry out adequate consultation with the constructhe new measures. It says that the issuing of special certificates would be tantamount to a cowboys charter." UK CONTRACTS OVERSEAS

Mr John Huxtable, director of FASS, said that the Federation was extremely concerned at the effect the measures may have on training and safety in the industry. Loosening the rules to benefit untrained school leavers was as good as a slap in the face to the bona fide builder.

Mr Huxtable said that the Federation was already worried at the inappropriate use being made of 714 certificates by some leading contractors. Changing the rules at this stage would only add to the difficulties of responsible contractors operating within the rules. The proposals made a nonsense of the existing practice of issuing 714 certificates.

The Federation is seeking an argent meeting with the Chancellor. It says that the Government should pay less attention to gimmicks aimed at young smallers aimed at young shahning international, people and more attention to the Berkhamsted, Herts, based specialist in total bospital equipspecialist construction companies so that these can get on with the work of creating long term job opportunities.

mid-1986 complation date, £6m Baghdad

ment packaging, has won a £6m

The company says this repre-

commissioning is to be com-pleted in six months for the official opening in September. Decatur, Illinois, is to start immediately and has a planned FITCH HOTEL SERVICES have been awarded a £3m con-tract for the feasibility study and for the co-ordination of a technical consortium for the Hotel Antonios and villa com-

developments of its kind in the

The project is for a total pack-

age of the equipment and furnish ings of a 250-bed specialised nursing bospital including,

nursing bospital including, wards, theatres, laboratories, kitchens and administration offices. Supply, justablation and

plex at Setia, Crete, by Univer-sal Glow, the shipping con-sortium of Athens. The luxury 200-bedroomed hotel together contract for a special nursing 200-bedroomed hotel together bospital in Bagbdad Medical City, with the leisure complex and a further 250 vilias is scheduled

Sumitomo Trust International Limited Opens in London Today.

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THE SUMITOMO TRUST AND BANKING CO., LTD. IS PLEASED TO ANNOUNCE THE OPENING OF A WHOLLY OWNED SUBSIDIARY IN LONDON, SUMITOMO TRUST INTERNATIONAL LIMITED. THIS COMPANY WILL ENABLE US . TO FURTHER OEEPEN DUR EXCELLENT, LONG-STANDING RELATIONSHIP WITH BRITISH AND EUROPEAN FINANCIAL INSTITUTIONS:

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Please CONTACT:

Chairman: Masanao Matsunaga Managing Director and General Manager: Yasuhiko Hatano

Sumitomo Trust International Limited 5th Floor, 62/63 Threadneedle Street, London EC2R 8HP, England. Phone: 628-8151 Telex: 8812443, 8813476 SUMINT G



eds 9th Floor, 40 Wall Street, Now York, N.Y., 10005, U.S.A. Phone: 133-629-3191 Telex; 1946165 Singapore 177 Frankfurt Office; Taumsaniso: 11, 6000 Frankfurt am Main 1, 5000 Frankfurt am Main 1, 5000 Frankfurt am Main 1, n 301, Part 1 Manama Centra, P.O. Box 2890. Manama, Bahmain Phone: 262866 Telep: 94 a Phone: 233-8919, 233-8747 Telep: 71613 Head Office: Osoko, Jeon Laval 61, M.C. Centre, 19-29 Warmin Place, Sychesy, N.S. et al. According 11 April 12 April 1

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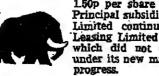
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Manson **Finance Trust**

Group Revenue 2,466 6,900 Net Profit before Tax 1,531 Taxation 845 Profit before Extraordinary Items ... 678 Extraordinary Items (8) Retained Surplus (223)245 Earnings per Share 1.9p 2.7p 4.5p



1.50p per sbare net.

Principal subsidiary Edward Manson and Company
Limited continued to be satisfactory. Manson
Leasing Limited was the only unit in the Group which did not contribote to Group profits but under its new management it is now making good

The Supervisory Board

Roofing or Reroofing NATIONWIDE

31.12.81 31.10.80 30.4.80

The Board bave declared an Interim Dividend of



Consult 01-902 9441

Contract Service Division



TECHNOLOGY

EDITED BY ALAN CANE

'Factory' for biological chemicals

DAVID FISHLOCK, Science Editor, looks at laboratory grade. Two grades are being offered, the purest the pilot fermentation plant at Imperial College, London — the first British "factory" for biological reagents.

THE PILOT fermentation plant of Imperial College, London, has become the 'factory' for first British source of the highly-priced and increasingly numerous biological reagents of

genetic engineering.
Cambridge Biotechnology
Laboratories, formerly the
European distributors of a lead-European oscillations of a leading U.S. source of biologicals, bas produced its own catalogue of about 20 peptides. This line is backed by a variety of novel, high-precision apparatus developed in British genetic engineering laboratories.

According to Mr V. A. Howe, anaging director of V. A. Howe and Company, of Fulham, parent organisation of Cam-bridge Biotechnology, the company is launching a range of will pay for each fermentation, "biologicals" wide enough to Typically, these can be permit any biology laboratory to carried out overnight. Inside embark on genetic engineering

For Imperial College, it is for storage. the first commercial contract

In addition, the company has board of Biogen, the Genevasince the decision was taken set up its own laboratory at the based blotechnology company,
last summer to market the pilot plant managed by Dr Wing the plant carried out the first manufacturing potential of the Tsui, a former post-doctoral fermentations

Professor Brian Hartley of Professor Brian Hartley of the Department of Chemistry, director of the pilot plant, claims the speed with which college and company have set up the venture "matches well with the pace you bave to set in this game."

For bis client, the pilot plant

turing service while the company is setting up its own fermentation plant, on-stream next year. expected

The deal is that the pilot plant's hattery of highly instrumented fermenters, from five to 3,000 litres capacity, will be used to make the crude reagents, such as the restriction enzymes used to split and resplice DNA. The company a week the plant has separated and dried the crude reagent

Mr Geoff Banks, head of the Imperial College fermentation pilot plant (left), with Professor Brian Hartley, chairman of the Centre for Blotechnology and Dr Wing Tsul of Uniscience

Trench manufactured Traminer taneous operation on five axes. tion can be up to 14,600 rpm. 20 machine tool, designated the Traminer 13, is now available in the UK

Traminer 13, is now available in available, while the four spindle machine. The control has tw

High-speed Traminer version

for cloning and sequencing experiments, and a less highly refined grade for mapping experiments.

From our point of view the arrangement is ideal," Prof. Hartley says. "It makes use of the plant for the very purpose for which it was designed."

The plant, built on the back of the Department of Chemistry in the 1960s, with the help of a £500,000 grant from the Wolfson Foundation, previously had three roles: teaching, research and the production of research materials required by the department.

But Prof. Hartley admits that this was leaving under-utilised an up-to-date plant with a full-time staff of 11, costing about £300.000 a year to run. The college, pressed for cash, wanted to close it unless it could find other sources of

Through Prof. Hartley's membership of the science membership of the science board of Biogen, the Geneva-

The DC powered spindle rota-

Programming can be affected

directly from the drawing to the

machine. The control has two

memories so that a programme

can be set up while the machine is operating the other.

More from Stansted Machine

Tool at Christopher Road, The Market Trading Estate, off Hayes Road, Middx (01-561

JOHNSON Matthey Chemicals

bas introduced a new range of conductive silver/palladium pastes for the production of multilayer ceramic capacitors.

The internal electrode pastes

contain 50 per cent metal with

palladium/silver ratios ranging from 90/10 to 30/70. Propor-

tions depend on the firing tem-

peraure of the capacitor, but all pastes are suitable for use at temperatures from 1150 to

Range of

pastes for

capacitors.

The market Cambridge Blotechnology is exploiting has heen dominated so far by U.S. companies. V. A. Howe had huilt up a UK business for Bethesda Research Lahoratories

worth about £300,000 a year in reagents, until BRL last year set up its own offshoots in Cambridge and West Germany. One of his cuatomers was Prof. Hartley. "I knew these people were good at aelling," he says.

He has a plant he claims can "grow anything," and moreover produce it at very short notice because of its great flexibility in design: "It's highly appropriate to the efficient production of small volumes of research specialities." But without mar-keting skills "you might just as well give the stuff away.

Instead, Cambridge Biotech-nology will be selling reagents initially ranging in price from also be able to carry out very

simultaneously a miniature electrophoresis cell for DNA research, derived from work at the Laboratory of Molecular Biology at Cambridge.

tube" costing nearly £100 miniand greatly accelerates genetic engineering experiments, says Prof. Alan Feisht, professor of hiological chemistry at Imperial College. "It can make a big difference to research pro-

As Mr Howe sees it, the venture will lead into the develop-ment of research kits tailored for specific experiments and assays, and even to an all-pur-pose kit for the budding genetic engineer, analogous to the timehorrowed "chemistry set."

A f4.5m blo-molecular engineering research and training period atarting April 1, has been approved by the European Community. Scientists are invited searcher, a vial may contain enough reagent for several thousand experiments—but he was searcher. of the cost will be met from Community funds. Research proposals are restricted to st experiments.

Safety and to agriculture and food industries. Contact Dr D. multaneously a miniature electhe European Communities. Directorate-General for Science. Research and Development, 200 rue de la Loi, B-1049 Brussels.



Giant propeller for tanker fitting goes to Norway

It's the biggest propeller in the world. Much higger than Gracle Fields's aspidistra, but you wouldn't want it in your lounge anyway. It weighs 70 tonnes, is 11 metres in diameter and will be fitted to the SS Wind Escort, a 252,6881-tonne tanker owned by Lars Krogh of Norway. It's the first of five similar propellers ordered from Stone Managnese Marine —"the biggest propeller company in the world"—formerly part of Stone Platt, but now owned by Langham Industries.

Non-ferrous database information

INTERNATIONAL statistics on bureau ADP. non-ferrous metal productiou, consumption and trade will soon statistics on copper, lead, muc, be available on a computer data-alominima, nickel the antonomy

base. Subscribers will be able to get access to the figures through terminals on their desks con-

The database will contain rently published in the monthly World Melul Statistics, figures are collected by the World Eureau of Metal StatisCompressed Air **Technology**

Atlas Copco

Detecting refrigerant gases

WHAT IS claimed to be the first continuously monitoring refrigerant leakage detector has been launched by Autoclimate

of Birmingham.
It costs £300, and can be plugged into the mains. According to the company, the device samples the atmosphere around a refrigeration plant every two minutes. Dual lights flash and an audible plarm operates when the concentration of leaking refricerant gas reaches 1,000 parts per mittion - the safety toyel recommended by the Health and Safety Executive. It will detect the chluro-fluorocarbons B1t, B12, B14,

B22, B113, B502 and other halogens. It is said to be so sensihefore refrigeration capacity is affected, so minimising the hazard to food stocks, manufac-turing processes, the environorent and plant workpeople.

It is expected to find uses in the food processing industry, cold stores, supermarkets and places with large-scale air conlitioning plants such as offices For a further £130, the com-

pany will provide a remote alarm system so that the device can be used in an unnecupied area. More from the company at 80 Halchett Street, Birmingham

Sinclair test device

Western Areas

Gold Mining

Company

Limited

microeelctronics year demands stringent component Sinclair flat screen television due to be launched later this

The tester, which will cost Cambridge, more than £100,000, can carry which is part of the TEK group out six electrical tests and seven of companies, has been com- optical checks on the flat screen missioned to develop a testing cathode ray tube in 10 seconds.

The AIM tester is based around the Z80 microprocessor. nected to the timesharing net-Wor More from AlM on 0480 65141. work of the major U.S. based tics.

The Randfontein **Estates Gold** Mining Company, Wit., Limited

(both incorporated in the Republic of South Africa)

Members of the Johannesburg Consolidated Investments
Group of Companies

Highlights from the 1981 Annual Reports

The average gold price received declined from U.S. \$623 per ounce in 1980 16.5% over the same period. A lower recovery grade of 4,1 grams per ton (1980 - 4.5) resulted in n decline in gold production from 19 554 kilograms

Operating profit declined by 66% from R152,7 million in 1980 to R51,7 million and the dividends paid decreased from 120 cents per unit of stock in 1980 to 40 ceots in 1981, absorbing R16,1 million.

Expenditure on mining assets amounted to R38.9 million (1980 - R57.4 million). Although it is estimated that expenditure of R25 million will be incurred in 1982, to be spent mainly on the SV 3 shaft programme which is vital to the maintenance of production in the medium and long terms, the amount actually expended will of necessity be influenced by the price of

The wanium treatment plant has been commissioned and the production of uranium oxide concentrates has commenced on a limited scale. Results to date indicate that the mine should have no difficulty in meeting its contractual delivery commitments which commence in the first quarter of 1983. The rate of underground production from the Middle Elsburg Reefs will in the interim be limited in order to enable ore with a higher gold sunk to a depth of 848 metres below collar and certain intermediate

The 4E sub-vertical shaft which reached its final depth of 332 metres below collar in the previous financial year was equipped and commissioned during 1981.

The 20 000 kilowatt surface refrigeration plant, to supply chilled water to underground workings, has been completed and is being commissioned.

Ore reserves declined from 11,6 million tons of an average gold grade of 5.5 grams per ton in 1930 to 10.5 million tons at 5.5 grams per ton. These reserves include 1 891 000 tons of Middle Elshurg Reef ore at a gold value of 2.8 grams per ton ond a uranium value of 0.705 kilograms per ton (1980 – 1 758 000 tons at 1.8 grams per ton of gold and 0.500 kilograms per ton of uranium) and were computed at a gold price of U.S. \$425 per ounce (R13 000 per kilogram).

Johannesburg 26th March, 1982

G.Y. Nisbet Chairman



A high-speed version of the with a capability for simul-

The 13 is equipped with CNC end working attachment permits control on all of its eight axes

PERA TRAINING Production Engineering Research Associate
MELTON MOWERAY LEICESTERSHIRE LEI3 OPB Tel. (0664) 64133 Ext. 329 or 360

Provincial Building Society

Notice to Existing and Prospective Borrowers and Investors

Notice to Existing and Prospective Borrowers
Provincial Building Society hereby gives notices that the rates of interest applicable to existing mortgage accounts and outstanding offers of advance are to be reduced by 1.50% with effect from 1st April 1982.

Where a mortgage deed specifies a period of notice before an increase in the rate of interest applicable to it is effective then the same period of notice shall apply to the implementation of this reduction and will commence on 1st April 1982.

For the purposes of this notice an outstanding offer of advance means an offer of

advance of firther advance dated prior to 31st March 1982. The new rate of interest and revised repayment figure applicable to an existing mortgage and all outstanding offers completed on or before 31st March 1982 will be notified in each borrower's annual statement of account which will be sent during

Any borrower suffering hardship and requiring an earlier review of a repayment

figure should communicate with the Society. Where an outstanding offer of advance has not been taken up by 31st March 1982 the new rate of interest and revised repayment figure will be quoted in the statement sent

to each borrower after completion: Prospective borrowers requiring information relating to the effect of this notice prior to completion should contact the Branch of the Society which issued the offer of advance or the Society's Head Office.

In Option Mortgage cases the appropriate subsidy will apply.

Provincial Building Society bereby gives notice that the rates of interest paid in all departments will be reduced by 1.00% per annum with effect from 1st April 1982.



Provincial House, Bradford RD1 DX Telephone: 027133444 Over 210 branches throughout the UK. Asseis exceed £1867im

Randfontein Estates

Operating profit of R176,4 million was 18% lower than in 1980, mainly because the average price received for gold declined from U.S. \$621 per ounce in 1980 to U.S. \$471 per ounce in 1981. Dividends paid decreased from 1 100 cents in 1980 to 750 cents per share in 1981, absorbing R40,6 million. As a result of a slight increase in recovery grade to 5,2 grams per ton (1930 – 5,1) together with an 11% increase in tonnage treated, the mine produced 23 879 kilograms of gold, 14% more than in 1980.

23 879 kilograms of gold, 14% more than in 1980.

Working costs increased by 6,5% but largely as a result of increased tonnages of low-cost surface dump material replacing high-cost material previously mined at SD 32 shaft, unit cost per tan milled decreased by 3,9%. Expenditure on mining assets amounted to R103,9 million compared with R78,6 million in 1980 and R10,9 million was repaid in respect of leng-term loans. The current estimate of expenditure in 1982 of R100 million will depend to some extent on the gold price. In 1981 some R63 million was spent on the Cooke No. 3 shaft project and a further R45 million is budgeted to be spent in 1982.

budgeted to be spent in 1982.

Underground operations in the SD 32 shaft area ceased and both that shaft and the Millsite uranium plant were placed on a care and maintenance basis. Sufficient surface material exists to operate the Millsite gold plant at full capacity for a few years and the rate of treatment has been

Production from both Cooke No. 1 and No. 2 shafts increased and the Cooke Plant operated at its rated capacity for both gold and uranium with improved extraction efficiencies.

Cooke No. 2A ventilation shaft was commissioned and additional hoisting facilities at Cooke No. 1 and No. 2 shafts will match the 20% increase in gold treatment capacity being installed at Cooke Plant.

Shaft sinking and construction work at Cooke No. 3 shaft progressed well and haulages to link this shaft to Cooke No. 2 shaft have reached the shaft position. Development of the resi horizons to be served by Cooke No. 3 shaft has encountered encouraging gold and uranium values.

Uranium oxide production declined from 646,5 tons in 1980 to 591,8 tons mainly as a result of cessation of mining operations at SD 32 shaft. Contractual deliveries were maintained by purchasing concentrates from other producers. Once Cooke No. 3 shoft attains full production the company abould be abla to produce sufficient uranium oxides to meet all its commitments. As a result of the combination of lower production and higher treatment costs, profit from uranium declined to R12,0 million

Ore reserves at the Cooke Section increased to 6,2 million tons at an average grade of 10,8 grams of gold and 0,226 kilograms of uranium per ton (1980 - 5,4 million). These reserves were based on a gold price of U.S. \$425 per ounce (£13 000 per kilogram).

G. Y. Nisbet Chairman

SUMMARY OF OPERATIONS Randfontein Estates Western Areas 1981 Year ended 31st December GOLD Tons milled - 000's 4 525 23 679 Kilograms produced Recovery grade - grams per ton Average price received: U.S. \$ per ounca 463 12 946 621 15 530 15 511 Rand per kilogram Cost: U.S. 8 per ounce 229 271 79,56 34,58 Revenue - R per ton milled Cost - R per ton milled Profit - R per ton milled URANIUM Tops treated ~ 000's Oxida produced – tons Recovery grade – kilograms per ton FINANCE 183,7 22,5 78,6 68,6 59,6 Profit from gold - Rm Profit from uranium - Rm 159,0 12,0 103,9 34,9 40,6 50,5 149,6 40,2 Capital expenditure - Rm Taxation - Rm Dividenda declared - Rm

Western Areas Gold Mining Company Limited Elsburg Guld Mining Company Limited The Randfontein Estates Guld Mining Company, Witwatersrand, Limited

Notice of annual general meetings and closing of transfer registers

1932, at:
09,15 hrs Western Areas Gold Mining Company Limited
followed by Elsturg Gold Mining Company Limited

followed by El-turn Cold Mining Company Limited
11.00 has The Randontein Estates Gold Mining Company.
Witwaterstand, Limited
Any member of a company is entitled to appoint a praxy to
attend, speak and vote at the meeting of the company in his
stead. A praxy need not be a member of the company.
Where applicable holders of share warrants to bearer
desirous of attending in person or by proxy or of voting at
the meeting and at any adjournment thereof, are required to
comply with the regulations of the company relation to
share warrants. Copics of the regulations are available on
application to the Head Office of the company or to the
office of the London Secretaries.
The transfer books and registers of members of these
companies will be closed from 20th to 26th April, 1982, both
dates inclusive.

By order of the boards

By order of the boards Consolidated Building.

Johannesbueg Consolidated Investment Company, Limited blidated Building, Socretaries and Harrison Streets, Per. D. J. Barrett Fox and Harrison Streets, P.O. Box 590, Johannesburg, 2000.

Note: Copies of the Annual Report, will be provided on application to the London Secretaries Barnato Brothers Limited, 99, Bishopsgate, London EC2M 3XE. Tel: 588 7011.

	ompanies and Markets	W	OKTD 210	CK MARK	E12	·	
IN THE PROPERTY OF A STATE OF A S	151	Mar. 1891.2 Map. Low Stock 27,	1981.2 Mac 266	High Lew Stock 26	1981.2 Holy Stock R6	HOLLAND	High Low H. R. 2 38.75 14.4 Chaung Kong 18.2 3.85 1.75 Common Prop. 1.95 1.17 7.90 Crose Herbour 10.5 1.75 92.5 Haing Seng Bank 93 6.75 4.20 HK Electing 8.1 10.80 4.13 HK Kewigen Wh. 4.3 14.8 6.30 HK Land 6.7 20.1 12.2 HK Shanghai EK 14.7 20.1 12.2 HK Shanghai EK 14.7 21.25 16.8 HK Telephone 25.6 23.5 13. Hutchispn Wps 14.1 27.70 12.3 Jardine Masth 2.7 7.50 4.15 Creas Trust Ek 5.11 21.60 5.80 SKN Props 5.20 20.3 8.25 SWIRP PR 4.2 5.6 4.10 Wheel'k Mariti's 5.0 5.40 2.00 World Int, Hidgs 3.5 JAPAN 1881 5.20 JAPAN 1881
STA India Control Monary Market Market Marke	10 Central Soya. 1678 1871	### 4114 2912 Marshall Field 2755 112 112 115	5.49 58.48 65.45 (5/1/61) 55.45 (22/5/82) 6.84 55.02 181.58 25/2/82) 83.55 (16/6) 8.5 121.47 128.22 (52/2/82) 96.88 (2/1/61) 8.5 96.5 172.0 (17/5/81) 77.0 (10/6) 8.4 15.7 124.3 19/2/82) 87.7 (4/1/82) 8.40 257.84 245.47 (5/7) 815.86 (9/2/81) 8.8 725.3 739.0 (2/7) 866,4 (16/2/81) 8.1 58.4 96.8 (20/6) 78.5 (20/5) 8.2 58.4 96.8 (20/6) 78.5 (20/5) 8.3 58.4 96.8 (20/6) 78.5 (20/5) 8.4 1.5 79.4 78.4 (22/8) 51.4 (22/12) 8.5 10 221.18 1816.28 (17/7) 1115.77 (5/10) 8.4 208.59 222.03 (5/8) 168.44 (24/7) 8.5 17097.20 9019.14 (17/6) 5892.55 (17/5/82) 9.5 18 18 18.6.72 (8/8) 110.34 (5/8) 8.10 760.02 975.25 (96/6) 587.49 (9/5/82) 75.2 671.7 797.5 (7/1/81) 471.2 (9/5/62) 75.3 671.7 797.5 (7/1/81) 471.2 (9/5/62) 75.4 575.8 575.8 101.0 904.77 (28/1/81) 8.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81) 9.5 805.85 689.51 (10/6) 404.77 (28/1/81)	25.5	184.5 136.2 Kaufhof 166.5	1.70	1,640

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هكذامن العصل

All of these securities having been sold, this announcement appears solely for purposes of information.

¥18,000,000,000

NEW ISSUE

February 10, 1982

KINGDOM OF DENMARK

8.4% Yen Bonds Series No. 6 (1982) due 1994

Issue price: 99.85%

The Nikko Securities Co., Ltd.

Daiwa Securities Co., Ltd.

Yamaichi Securities Company, Limited The Norma Securities Co., Ltd.

The Nippon Kangyo Kakumaru Securities Co., Ltd.

Sanyo Securities Co., Ltd.

Merrill Lynch Securities Company Okasan Securities Co., Ltd.

Tokyo Securities Co., Ltd. Marusan Securities Co., Ltd. Koyanagi Securities Co., Ltd.

The Chiyoda Securities Co., Ltd. Kosei Securities Co., Ltd. Mito Securities Co., Ltd.

The Toko Securities Co., Ltd. Takagi Securities Co., Ltd.

Copenhagen Handelsbank A/S

Algemene Bank Nederland N.V.

Union Bank of Switzerland (Securities) Limited

Wako Securities Co., Ltd.

Osakaya Securities Co., Ltd. Yamatane Securities Co., Ltd. Bache Halsey Stuart Shields (Japan) Ltd. Vickers da Costa Ltd.

Nichiei Securities Co., Ltd. Himode Securities Co., Ltd. Maruman Securities Co., Ltd.

Naigai Securities Co., Ltd. The National Tabayashi Securities Co., Ltd.

Towa Securities Co., Ltd.

Den Danske Bank af 1871 Aktieselskab R. Henriques jr. Bank-Aktieselskab Lehman Brothers Kuhn Loeb International, Inc.

Smith Barney, Harris Upham International Incorporated

New Japan Securities Co., Ltd.

Kokusai Securities Co., Ltd.

Dai-ichi Securities Co., Ltd.

The Kaisei Securities Co., Ltd.

Ichiyoshi Securities Co., Ltd.

Utsumiya Securities Co., Ltd.

Jardine Fleming (Securities) Ltd.

Meiko Securities Co., Ltd.

Toyo Securities Co., Ltd.

Bank Hapoalim®

CONDENSED CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31,1981 (U.S. Dollars in thousands)

4,204,168 692,297 Cash and Due from Banks Securities, including Government Bonds Deposits and Loans to the Government Loans and Bills Discounted 5,317,309 4,363,611 Loansfrom Deposits for Loan Purposes Other Accounts 64,133 Bank Premises and Equipment Customers' Liabilities 1,715,958

US Dollars LIABILITIES Capital Reserves and Surplus Capital Notes 296,581 47,413 1,327 297,765 9,365,125 2,976,484 4,281,583 Outside Shareholders' Interests Convertible Debentures and Option Warrants Issued by Subsidiaries Non-Convertible Bonds and Notes Deposits Deposits for Loan Purposes Debentures Issued by Subsidiaries Other Accounts Liabilities on Account of Customers <u> 1.715.958</u> 19.068,725

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED DECEMBER 31,1981 (U.S. Dollars in thousands)

US Dollars 264,078 148,304 Net Operating Income Before Taxes Provision for Taxes 115,774 Outside Shareholders' Interest in the Net Income of Subsidiary Companies 14.428 101,346 709 Net Extraordinary Income after Taxes 102,055 Net income

Earnings per Share (Fully Diluted)

The entire report is available in all Bank Hapoalim branches.

The financial statements of the bank are stated in Shekels. This statement has been converted from Shekels into U.S. Dollars at the official exchange rate prevailing on December 31, 1981. LS. 15.604=1 U.S. Dollar.



33B Branches of the Bank Hapoalim Group in Israel. Branches, Subsidiaries, Offices and Affiliates also in New York, Los Angeles, Boston, Chicago, Philadelphia, Miami, London, Manchester, Zünch, Luxembourg, Cayman Islands, Paris, Toronto, Montreal, Buenos Aires, São Paulo, Caracas, Montevideo, Punta del Este, Uruguay, Panama and Mexico City.

COMPANY NOTICES

Privatbanken A/S

ANGLO AMERICAN INDUSTRIAL CORPORATION LIMITED

orated in the Republic of South Africal NOTICE TO MEMBERS

NOTICE 10 STEPPERS

NOTICE IS HEREBY GIVEN that the eighteenth natural general monting of members of Anglo American Industrial Corporation Limited will be held at 44 Main Street Johannesburg, on Tuesday, April 20, 1982 at 11443, for the coforming business.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

March 29, 1982

COMMERZBANK AKTIENGESELLSCHAFT

The Consolinater formans of the Soard of Management for 1981.
To approve the actions of the Supervisory Soard for 1981.
To approve the actions of the Supervisory Soard for 1981.
To elect one of the Supervisory Soard for 1981.
The control of the Supervisory Soard for 1981.
The control of the Supervisory Soard for 1982.
The control of the Supervisory Soard for 1982.
The control of the Supervisory Soard for the Supervisory Soard for the Supervisory COMMERZBANK AKTIENGESELLSCHAFT

B.A.S.F. TRANSATLANTICA Loan of FFr. 100,000,000 7.50% 1972-1987 The FFr. 4,000,000 redemption instalment due May 1, 1982, has been met by purchases in the Slock Exchange.

NOTICE OF PURCHASE EUROPEAN INVESTMENT BANK E20.000.000 13°4 BONDS OF 1980, DUE 1st MARCH 1991. DUE 1st MARCH 1991.

NOTICS IS HEREBY GIVEN to Bondholders has Klaimwort. Senson Limited. London, as Parchase Agent for the account of the Endone Investment Bank has parchased during the elegren-month period beginning 1st April 1981, £2.000,000 principal amount of such Bonds. On 1st March 1982, the principal amount of Bonds autoinad was £78,000,000. Luzembourg Dated: 29th March 1982 EUROPEAN INVESTMENT BANK

CLUBS

LEGAL NOTICES

IN THE MATTER OF THE COMPANIES ACT 1948 AND IN THE MATTER OF SOCIETE CYLSA G'INDUSTRIE ET COMMERCE LTD. ET COMMERCE LTD.
Registered Office:
21B, The Strand, London WC2R 10G

21B. The Strand, London WCZR 10G
NOTICE IS HEREBY GIVEN pursuant to
Section 293 of the Companies Act, 1948,
that in MEETING of the CREDITORS
of the above-named Company will be
hald at Winchester House, 100, Old
Brosd Street, London, EC2, on 15th
April, 1962, at 11.30 a.m., for the
purposes, mendioned in Section 294
et neg of the said Act.
Dated this 18th day of Merch, 1962.
By Order of the Board,
Y. YEGHLAZARDAN,
Dispector,

CLUBS

CONTRACTS AND TENDERS

Westdeutsche Landesbank Girozentrale

COMMITTEE OF ISLAMIC SOLIDARITY WITH THE PEOPLES OF THE SAHEL

TENDER NOTICE

SUPPLY OF CEREALS TO THE SAHEL COUNTRIES

In accordance with the relevant resolution of the Organisation of the Islamic Conference, aimed at providing emergency food assistance to ten countries in the African Sahel affected by persistent drought, the Committee of Islamic Solidarity with the peoples of the Sahel, with its beadquarters at the Organisation of the Islamic Conference, P.O. Box 178 in Jeddah, Saudi Arabia (telephone no. 6873880, telex no. 401366 Islami SJ) invites sealed tenders in the prescribed tender form for the supply of different quantities of cereals totalling approximately 37,000 tons of various types of rice, 8,000 tons of hard wheat, 23,000 tons of white sorghum, 12,000 tons of yellow sorghum, and 8,000 tons of two types of maize, to Cape-Verde, Senegal, Gambia, Mauritania, Guinea, Guinea-Bissau, Mali, Upper Volta, Niger and Chad, as per details and specifications set out in the tender documents. In accordance with the relevant resolution of the Organisation of the

The tender form and other tender documents are available for personal delivery, free of cost, at the General Secretariat of the Organisation of the Islamic Conference in Jeddah, Saudi Arabia, the Executive Secretariat of the CILLSS. in Ouagadougou, Upper Volta, the Islamic Development Bank in Jeddah, Saudi Arabia, and the Arab Bank for Economic Development in Africa (BADEA), Khartoum, Sudan.

Tenders shall quote a firm price in U.S. dollars for each quantity set out for each cereal for each Sahel country, on the basis of "delivered customs warehouse at the capital of destination (incoterms). But duty

The quantities required shall be supplied so as to complete delivery of the last tranche to the warehouse in the capital concerned before 1 July 1982.

Tenders will be received in the office of the Secretary General of the Organisation of the Islamic Conference up to 12 noon on Thursday, 29 April 1982, and will be opened at 11 a.m. on Saturday, 1 May 1982.

ART GALLERIES

ELACKMAN HARVEY GALLERY, 11
Masons Avenus, 5C2. 01-728 2802.
GRAHAM CLARKE—Wathcolours, DrawIngs. Exhings, 16th Merch-8th Aeril,
Manday-Friday 9-5.30 p.m. Saturday
10 am-2 on.

MATHAF GALLERY, 32, Moreomb Street, London, SWI. Tml. 235 0010. Specialists in 19th Century and Commemorary Paintings in Arable.

ALPINE GALLERY, 74, South Audiey Street, W1, 602 1782, ENGLISH WATERCOLOURS, 1756-1850 22-27 March, 10-5,30, 10-1 Set.

KINGDOM OF MOROCCO

OFFICE NATIONAL DE L'EAU POTABLE

SUPPLY OF DRINKING WATER TO THE TOWN OF KARIA BA MOHAMED AND REGION

> CALL FOR TENDER No 10/DE/82 (Public Opening Session)

Technical details:

The piping will originate from the OUED SEBOU superficial waters and produce 30 litres/second. The project is to be realised with the financial participation of the

WORLD BANK. Only companies from countries members of the WORLD BANK and SWITZERLAND may participate.

A) BY PRESELECTION: PART No. 1: PURIFYING PLANT

This part covers the study, realisation and equipment of the following works:

Drawing from Oued Sebou a 50 litres/second flow of plain water; Installation of a pumping station capable of producing 35 litres/ second of plain water;

Installation of a back-force pipe linking the pumping station to the purifying plant;

Installation of a purifying plant and supplementary works; Installation and supply of equipment of a purified water pumping station (30 l/s) to back-flow towards the existing cistern in Karia Ba Mohamed;

 Construction of housing facilities for the staff. The above works must be completed in fifteen (15) months.

B) BY CALL TO TENDER: PART No. 2: PIPES

Supply, transport and laying down of asbestos-concrete pipes (Ø 200 mm);

Calibre 25 on a length of 1300 ml

Calibre 30 on a length of 1600 ml Calibre 40 on a length of 2680 ml;

Hydraulic equipment and odd spares;

Additional works such as: crossing of oueds, check-boles, etc.

The above works must be completed in seven (7) months.

Bids may be offered for both parts, although in separate envelopes. Tender documents may be obtained from the issuing authorities at a cost of: —500 DH for Part I, —150 DH for Part II, to be credited to: "Monsieur le Directeur de l'ONEP - CCP RABAT 106-11 MAROC."

The bid in figures and the deposit representing 1.5% of the amount of the bid must be included in an envelope bearing the term "SOUMISSION" enclosed in a second envelope containing the technical and financial references of the bidder for prior studies of a similar kind and importance.

Each bid, bearing the reference number of the tender and the closing date should be sent before 9 June 1982 to: "Monsieur le Directeur de l'ONEP, 6 bis, Rue Patrice Lumumba, RABAT, Morocco."

Alternatively, the bids may be handed to the President at the opening of the public session to be held on Friday, 11 June 1982 (10.00 bours local time), in the Conference Room of the ONEP Buildings, Division Equipment, Quartier Administratif, RABAT, Morocco.

Swiss Life Pen, Tst. Man. Co. Ltd.(a)(c)

Target Tst. Mingrs. Ltd. (a) (g) 31, Gresham St., E.C.2. Dealing: (

MONEY MARKETS

BY JONAS CROSLAND

U.S. rates hold the key

Like it or oot, there appears ever, was fairly generous with to be a level which some day to day assistance on more to be a level which some interest rates in Europe are unlikely to fall through unless U.S. rates start to decline. There has been and will always be a direct link between rates either added of the Atlantic and the recent campaign in Europe to decrease the importance of this link seems to have gone about as far as it can without a drop in U.S. rates.

In Paris the siege continued week. However os pressure eases the link form the system.

In Paris the siege continued with the rate of discount on seven-day Treasury bills rising to 20 per cent from 18 per cent. Call money remained at 17 per made after the dust has settled.

WEEKLY CHANGE IN WORLD INTEREST RATES

Mar. 26 change

The Bank of England, how increased to 5 per cent after

BANK OF ENGLAND TREASURY BILL TENDER

Last week therefore interest rates showed little overall change. In London rates bobbed up and down in sympathy with Euro-dollar rates. These in turn were heavily influenced by the were heavily influenced by the weekly psranoia seen in the market ahead of U.S. money the consequently the official call money rate in Amsterdam was cut to 1; per cent on Wednesday to the week it was

ever, was fairly generous with payments on a 2! year Treasury cent but Euro-trans to the form the system.

The form the system.

The form the system.

•	udingità leas				Mar. 26			Mar. 26	Change
therefore interest ed little overall ondon rates bobbed in in sympathy with ates. These in turn influenced by the moia seen in the ed of U.S. money es.	centres emba many central in the foreign in support of vanishing out the European Consequently money rate i cut to 1½ per e atthough later increased to	banks in exchange the francial of the land the l	ntervened ge market to stop it bottom of y System icial cali idam was Jednesday gek it was	3 Mith. Treasury Silis 1 Mith. Bank Silis 3 Mith. Bank Bills TOKYO One month Silis Three month Silis	154-157a 15:s-153; 12.3152 134 15 125;* 122:-122	Unch'd Unch'd Unch'd Unch'd Unch'd Unch'd Unch'd	Federal funds 5 mith Treasury Bills 5 mith Treasury Bills 5 mith Treasury Bills 5 mith CD FRANKFURT Special Lombard One Mith Interbank Three month PARIS Intervention Rate I Mith Interbank Three month	147-1412 12.86 12.90 14.40 14.40 2.3 0.625 9.526	Unch d -0.05 -0.05 -0.25 Unch d -0.123 -0.175 Unch d +1
ENGLAND TRE	ASURY BIL	L TEN	DER	BRUSSELS One month Three month	145g 145g	÷ 12 ÷ 76	MILAN One month Three month	20-2	Unch'd
March 26 March 19		March 26	March 19	AMSTERDAM One month	772		One month	20%	÷5a
£100m £100m 7	op accepted rate of discount verage	12,5143%			838	· -1	Three month	201	17

FT LONDON

INTERBANK FIXING

d bid.... 296,88

8 months U	8 months U.S. dollars						
bid 163/8	offer 13 1/2						
3 months U	.S. dollars						

orking day. The banks are National Westminster Bank, Bank of Tokyo. Deutsche Sank, Banqua National de

LONDON MONEY RATES

Average rate of discount 12.3132% 12.4831% 19.88%

at next tender... £100m

Mar. 26 1982	Certificate of deposit	interbank	Asthority deposits	negotiable bonds	House	Company Deposits	Market Deposits	Treasury Bills	Bank Bitte	Frace Bills &
Overnight 9 days notice 7 days notice 7 days notice 7 months 7 months Thres months Nine months Ono year Two years	1312-1312 1314-1316 1314-1316 1314-1316 1314-1316 1514-1316	10-13% 13-4-1378 13-13-1378 13-13-13-13-13-13-13-13-13-13-13-13-13-1	15½ 15¾ 15¾-1878 15¾-1878 15½ 15½ 15½ 15½ 15½	145e-14 144-137e 141e-1334 134-13 1334-133e 1334-133e	137s 1376 1376 1376 1376 1376 1376	154-157 ₈ 	13-184 15 -193-	13: 13: 12: 12:	181 ₁ 121-192 121-192 121-122	187g -184 184 184 18
	نكورة بنتانا									

cent.

Approximate selling rates for one month Treesury bills 12¹⁰₁₆-13 per cent; two months 12¹⁰₁₆-12¹₆ per cent; three months 12¹⁰₁₆-12¹₇ per cent. Approximate selling rate for one month bank bills 13¹₁₆ our cent; two months 12¹₆-12²₁₆ per cent and three months 12¹₇-12¹₁₆ per cent; one month tasks bills 13¹₁₆ per cent; three months 13¹₁₆ per cent; three months 13¹₁₆ per cent; three months

13's per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent from March 1 1982, Clearing Sank Deposit Rates for sums at seven days' notice 10-10's per cent. Clearing Bank Rates for lending 13 per cent.

Tressury Bills: Average tunder rates of discount 12.3132 per cent.

Certificates of Tax Osposits (Series 3) 13's per cent from March 8, Deposits withdrawn for each 14 per cent.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 83	Sterling	U.S. Dollar	Canadian Dollar	Duten Gulider	Swiss Franc	West Garman Mark	French Franc	Italian Ura	Belgien Franc Convertible Japanese Yen
Short term	1352-1378 1314-1314	14 12 14 34 14 14 14 15 14 78 15 13 15 12 15 25 15 14 13 12 15 15 14	16-17 16-17 163e-135e 1617-137e 1612-167e 135e-17	312-7 512-612 715-8 836-814 814-818 814-878	1.112 7.713 54-536 63-675 64-676 312-658	318-97 814-014 814-814 814-814 014-014	18-60 35-50 37-40 24-27 81-24 20-23	18-24 95-35 9614-2914 2434-2314 2334-2434 2318-2444	81-11 ts 73-752 13-16 73-773 15-17 67-7 16t4 17t4 67-6-13 13t4-17t4 67-6-13 1612-1612 672-6-2

BFr (financial); short-term 10-11 per cent; seven days' nouce 122-13 per cent; one month 131-13% per cent; three months 142-14% per cent; six months BFr (financial); short-term 10-11 per cent; seven days' naucs 12-13 per cent; one month 13-13\(\) per cent three months 14\(\) per cent six months 15\(\) 15\(\) per cent; one year 14\(\) per cent; three months 14\(\) 14\(\) per cent; six months 13\(\) 14\(\) per cent; one year 13\(\) 13\(\) per cent. ECU kniked deposits; one month 18-18\(\) per cent; three months 15\(\) 15\(\) per cent; six months 14\(\) 14\(\) per cent; one year 13\(\) 14\(\) per cent. Asian 5 (closing rates in 5\(\) 5 not month 14\(\) 15\(\) per cent; three months 15\(\) 15\(\) per cent; six months 15\(\) 15\(\) per cent; one year 15\(\) 15\(\) per cent; three years 15\(\) 15\(\) per cent; six months 15\(\) 15\(\) per cent; one year 15\(\) 15\(\) per cent; cong-term Eurodollar two years 15\(\) 15\(\) per cent; three years 15\(\) 15\(\) per cent; five years 15\(\) 15\(\) per cent; nominal closing rates. The following rates were quoted for London dollar centificates of deposit one month 14.65-14.75 per cent three months 14.80-14.90 per cent six months 14.90-15.00 per cent; one year 14.75-14.95 per cent.

CURRENCIES AND GOLD

Pressure eases

recovered enough to be placed within its divergence limit in the European Monetary System but only of o sovage cost. Domestic and Euro-franc rates rose to levels not seen since the authorities took measures last year to defeod the franc following the election of sociolist \$1.7905 against the dollar from President Mitterrand. Against \$1.7955. In terms of the D-mark the dollar the franc fell to 0 record low despite intervention DM 4.2950 and FFr 11.1850 from by several central banks to

support the French unit Other curreccies recently under pressure, the Italian lira and market interpretation of and Belgian franc. seemed to do U.S. money supply figures. There a little batter although figures released on Wednesday showed that the Belgian authorities bad speot the equivalent of BFr 17bn the previous week supportiog its currency and this was the largest amount in onz week this year. Also the Italian lira has been propped up by action in the forward market and further sharp increases in Euro-lira rates.

Meanwhile the D-mark nosed shead of the pack to claim top position within the EMS. The lest time the D-mark beld this lest time the D-mark beld this rise of \$6; on the week but down position for any length of time from a best level of \$334.

Pressure eased a little towards was last September which The French franc in early October by a currency reshuffle.

Gllding ' scenes of devastation, starling showed little overall change from the previous week. trade weighted index finished at 90.9 compared with 91.1 on the previous Friday and it closed at Once again the dollar was

influenced moioly by the behaviour of Euro-dollar rates possible rise in money supply io April without taking into account any possible shift in stance by the Federal authori-ties, and this has tended to restrict the scope for much downward movement in U.S. have strayed very little from the 15 per cent level in the past

two weeks.
Gold showed s firmer tendency earlier in the week but fell back later to close of \$323, a

THE DOLLAR SPOT AND FORWARD

March 26	spread	Clase	One month	% p.s.	Three months	7.2.
UKT	1.7810-1.7920	1.7900-1.7910	0.20-0.30c dis	-1.67	0.80-0.90dis	
reland	1,4448-1,4480	1.4455-1.4475	0,65-0,55c pm		1.65-1.50 p	
Canada	1.2260-1,2280	1.2260-1.2265	0.18-0.19c dis	-1.71	0.38-0.41dis	-T.79
Nothlad.	2.6480-2.6600	2.6500-2.6540	1,60-1,50c pm		4,50-4,40 p	
Belgium	45.20-45.30	45.21-45.23	7-14c dis		24-34 dis	-2.56
	8.1600-8.1800	8.1500-8.1700	0,10-0.40ore dis		0.70-1.20dia	
W. Ger.	2.3930-2.4010	2.3940-2.3950	1.23-1.13pf pm		3.67-3.62 pr	
Portugal	70.60-71.30	70,90-71.10	40-120c dis			-11.27
3pain	105,85-106,15	105.85-105.95	20-30c dis		65-80 dig	-2.74
Italy	1,314-1,320	1,314-1,316	13-15 fire die		30-33 dis	-9.55
Norway	8,0600-6,1030	3.0800-5.0900	0.20-0.50ors dis		0.20-0.50dis	
Frence	3.2375-6.2750	8.2500-6.2590	11-121-C dia		14-16 dis	
Sweden	8.8875-5.9050	3.8900-5.9000	1.25-1,10ere pm			-9.59
Japan	248.80-248.00	248.95-247.05		2.30	3.90-3.75 pt	n 2.59
Austria	13.801-16.865	13.831-18.841	1.75-1.60y pm		5.25-5.10 pr	
Switz.	1.9075-1.9165	1.9120-1.9130	10-8'-gro pm	6.5%	27's-24's PIT	
		1.9120-1.3120	1.60-1.53c pm	3.82	4.47-4.40 pr	n 9.27

March 26	Day's	Clase	One month	% p.s.	Three	p.8
V.3.	1.7810-1.7920	1.7900-1.7910	0.20-0.30c dls	-1.67	0.80-0.90d is	-1.90
Canada	2.1880-2.1980	2.1970-2.1980	0.50-0.60c dis		1.70-1.80dis	
Nethind.	4.72-4.76	4.74-4.75	213-17gc pm	5.37	64-55 pm	4.9
8algıum -	80.60-81.10	80.85-80.95	5-20c d/s		55-75 dla	-3,2
Denmark	14.56-14.64	14.63-14.64	2-30m de		74-914 dis	-23
reland	1.2315-1.2390	1.2365-1.2390	0.61-0.74p dis		1.86-2.03dis	
W. Gar.	4,27-4,30	4.28-4.29	17e-13-pt pm		43-43 pm	4.0
Portugal	125.75-127.25	126.80-127.10	85-235e dia		240-590dls ·	- 73.0
Spain	188.80-189.70	189.36-189.65	55-85c dis		190-225 dia	-4.3
taly	2.344-2.361	2,3541, 2,3561,	24-30 lies die	-13.75		-11.5
Narway	10.86-10.90	10.88-10.89	12-24 ore dis	-241	5 - 5 dis	-2.0
France	11.16-11.22	11.18-11.10	201-241 dis	-24.14		-11.5
weden	10.52-10.57	10.58-10.57	1-You pm		24-15 pm	0.7
lapan	439-444	441-4425	2.60-2.30y pm	8.85	7.45-7.15 pm	
Austria	29.95-30.20	30.19-30.13	14-110rg pm		35-29 pm	4.2
Switz.	3.40-3.43	2.413-3.423	29-21-c pm		63-63 pm	7.4

Belgien rate la lor convertible france. Financial franc \$1,50-\$1.60, Six-month forward dollar 1.52-1.72c dia. 12-month 2.70-2.85c dis. FORWARD RATES AGAINST STERLING 12 monti 1.8183 4.1204 11.8287 3.2120 416.8 8 month 1,8072 4,1976 11,8650 1.7930 4.2588 11.4140 1.7990 4.2413 11.52 3.3588 434.7

EMS EUROPEAN CURRENCY UNIT RATES

45.1966 8.15964 2.39438 6.26078 2.65142 0.691152 1315.47

Changes are for ECU, therefore positive change denotes & . week currency. Adjustment calculated by Financial Times. Sterling/ECU rate for March 28 0.553264

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GOLD

Ma	r. 26	Ma	r, 85
Gol	d Suffice (fine of	IACO)	
loso	(£180-181 ½) (£180-180 ½) (£180.561) (£180.108)	\$50612.39712 \$332-333 \$328 \$327,73	(£1814-1815 ₁) (£1835 ₄ -1844) (£181,667) (£181,710)
, Gold	Colms		
regerrand	(£186-185 ½) (£985-1-054) (£186) 49 4) (£196) 187) (£186) 187) (£44-44 ¼) (£55-1-54 ¼) (£45-1-54 ¼) (£45-1-54 ¼) (£25-1-54 ¼) (£25-1-54 ¼) (£25-1-54 ¼) (£25-1-54 ¼)	\$31614-319	(£1864, 1874) (£984, 964) (£49.40) (£20.20) (£1974, 1874) (£441, 444) (£534, 544) (£344, 541) (£244, 401) (£244, 2251) (£176, 1774) (£2491, 2524)

OTHER CURRENCIES

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Mar. 26	2	\$		£ Note Rates
Argentina Peso Australia Dollar Brazil Gruseiro Frinland Markka Graek Drachma Hong Kong Collar Iran Risl Kewait Dinar (KD) Lexombourg Fr Meleyela Dollar New Zeafand Oir. Saudi Arab. Riya! Singapore Dollar Sth. African Rand U.A.E. Dirham	859.84.980.84 9.235-8.251 9.2358.112.686 10.331-10.4012 147.401 0.305-0.312 80.85-80.95 4.1720-4.1830 2.3130-2.3180 5.767-8.19 7.797-8.18076	0,4490-0,9495 145,28-146,01 4,6135-4,6166 62,00-62,30 61,70- 0-817,70- 0-259-0,2861 45,21-45,23 2,7350-2,3380 1,2965-1,2075 3,4190-3,4220 2,1370-9,1290 1,0435-1,0445	Austrie Belgium Denmark Franco Germany Italy Japan Notherlande Norway Portugal Sweden Sweden Tugoslavia	29,95-30,26 90,70-91,70 14,56-14,70 11,15-11,26 4,264,4,304 2310-2360 449-447 4,724,4,761 10,84-10,94 194-129-185-183-4 10,51-10,61 5,324-5,435 1,774-1,794 92-103

Mar, 26	Bank of England Index	Morgan Guaranty Changes?	Mar. 28	Bank	Special Drawing	European
	-			2	Rights	Units
Stering	8,08	-32.8	Obadlas	_	8 70775	
	115,7	+7.9	Starling	12	0.325263	0.659264
Canadion dollar	88.5	-18.1	U.S. S. Canadian F.,		1.11413	0.99940
Austrian schilling.	117.1	+25.1	Austria 3ch			1,22627
Beigien franc	93.0	-1.0	Selgian F		18,7780 50,4431	18.8400
anish kronor	83.0	-13.9	Danish Kr.	11		45,1956
Peutscho mark	123.5	÷46,7	0 mark		2.67195	8.16964
wiss frans	154.5	+107.6	Guilder		2.95866	2.39498
huilder	114.6 78.6	+21.4	French Fr		5,89126	2.63142 6.26078
French franc	54.2	-58.2	Litz		1466.78	131347
Lita	185.7	+27.8	Yen	X1-	273.301	247.053
Yen	100,7	+21,0	Norwen. Kr.	9	3.78963	6.08388
Based on trade wel	chted cha	noes from	Spanish Pts.	8	118,083	105.047
Washington agreem	ent Decem	ber. 1971.	Swedish Kr.		3.37906	5.90049
Bank of England to			Swiss Fr		2.12714	1.90757
1975=100).			Greek Dr'ch.	20%		62.2230

EXCHANGE C	ROSS RA	tes		_						
Mar. 26	Pound St'rling		Oeutschem'	Japan'sa Ten	FrenchFrans	Swiss Franc	Dutch Gulld'	Hallan Lira	Canadia Deliar	Belgian Franc
Pound Sterling	0,559	1,781	4.285	442.0	11, 185	5,425	4.745	2856.	0.198	80.90
U.S. Oollar		1,	2.393	245.9	8,247	1,911	2.650	1316.	1.227	45,19
Deutschemark	0,233	0.418	9,693	103,2	2,610	0,799	1.107	549.7	0.513	19,88
Japanese Yen 1,000	2,262	4.051		1000,	25,51	7,743	10.74	5320.	4,972	183,0
French Franc 10	0.894	1,601	3,831	395,2	10.	3.060	4,242	2106.	1,865	72.33
Swiss Franc	0.292	0,523	1,252	129,1	5.268	1.	1,385	688.2	0,642	23.64
Dutch Guilder	0.211	0,377	0.903	85,16	8.367	0,721	1.	496.4	0,483	17.06
Italien Lira 1,000	0,485	0,760	1,819	197,6	4,748	1,453	8.014	1000.	0,033	84.35
Cenadian Collar	0,455	0.915	1,950	201.1	6,090	1,357	9,138	1072.	9.716	36.81
Balgen Franc 100	1,236	2.213	6,297	545,4	15,85	4,231	6,865	2918.		100.

SERVICE

	•	Financial Times	Monday March 29 1982
FT UNIT	TRUST INF	ORMATION	SERVICE
Abbey Unit Tst. Mingrs. (a) 72-80, Geressor Re. Ariestory 02% 5541 Arventan Grewitt 387 6318 +04 2-3 Castal 88 430 -0.1 35	AUTHORIS	ED TRUSTS	Smitter Management Co. Ltd. 31-45 Greature Street CC? Constrain Gen. Fd.
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Alles Harvey & Ross Unit Tst. Magns. 45. Cornini; London ECSV 3PB. 01-623-6314 AHR Git Trest — 1723 973 -021 1247 ARRIGE Hambre Ltd. (a) (g)	Mid Mouse High Inc. 14.7 19.44 1.2 3.54	L & C Unit Trust Management Ltd.	Settlede Til loc. 1670 524 0 11 445 Ridgeffeld Management Ltd. 1 Findbury Se, EC2A 180 01-588 Acot legens UT 168 1 10 81 174 Ingressional UT. 1891 10 81 174
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19, Widegate St., London, E2 7N P. 01-247 8827 Whele Gooth Fal. 16.7 17.3 17.2 290 De. Accom	7 American (2)	Locki Authorities' Mutual Invest. Tst." 77, Lendon Wall, EC2N 1D8. 01-588 1815 Property Ft. Feb. 28-1 159-73 \$40	U.R. Panels Gir & Fest Inc. Geth 56.2 56.88 -0.9 4.56 UK Equity 61.9 62.9 62.0 -0.2 6.16 Grant 61.0 61.0 61.0 61.0 Grant 61.0 61.0 61.0 Grant 61.0 61.0 61.0 Grant 61.0 Grant 61.0 61.0 Grant 61.0 Gr
(Accompany) 191.9 194.40.7 227 (10% Withdrawar) 44.7 40.2 227 (20% Withdrawar) 26.5 47 40.7 20.7 195 (6% Withdrawar) 26.5 47 40.7 195 (6% Withdrawar) 26.5 47 47 47 47 47 47 47 47 47 47 47 47 47	James Finley Unit Trust Mingt. Ltd. 10-14, Wen Nile Surect, Glasgow. 041-204 152 J. Finley Internet? 34.3 36.9 2.14 Accaum. Units: 22.4 46.0 214 Finley Mid. Energy 32.4 11.4 42.4 Finley Wid. Energy 12.6 13.64 +0.3 2.46 Accaum. Units 44.5 17.44 +0.4 2.7 Accam. Units 43.4 45.5 37 Prices on March 24. Next dealing Minch 32.	Three Quays, Tower HH, EC3R 680 01-676 4588	Sector Femals Commonity
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CHEMICALS, PLASTICS

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THE INDUSTRIAL PECOVERY

RECOVERY

COMPANIES

Financial Times Monday March 29 1982 PROPERTY—Continued INVESTMENT TRUSTS-Cont. LEISURE—Continued OIL AND GAS—Continued Oreb. Oreb. Oreb. Oreb. Jan. Oct. Jan. Jan. Jan. Jan. Jan. Jan. SECURITIES TOKYO, JAPAN 10 5.5 10 5.1 10 4.8 0 6.6 10 14.6 10 14.6 11 5.9 11 5.9 10 7.0 25 | 712 | 46 | 712 | 424 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 712 | 71 dy/Od Smil (Figure) 10;
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The following is a Selection of London quotations of shares previously listed only in regional markers. Privace of Irish issues, most of which are not officially listed to London, are as quoted on the Irish exchange. not officially listed to London, are:

Albany (mr. 20p. 42 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | 179 | Corv. 9% BOR2.
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117, 111 0245c 113.3 **OPTIONS** 3-month Call Rates "Recent Issues" and "Rights" Page "...

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of 2500 per aumust for each security

Print unions

will fight

clamp on

closed shop

By John Lloyd, Labour Editor

law later this year.

PRINT UNIONS have made

The TUC Printing Indus-

tries Committee, covering all print unions has drafted

a document on the legislation

which lays down total non-

co-operation with the closed

shop or with the allied union labour only contract clause. Publication of this document has been at least delayed, or

even quashed, by the TUC in the interests of harmonising

the response of unions to the

Mr Bill Keys, general secre-tary of the Society of Graphi-cal and Allied Trades and chairman of the Printing Industries Committee, is also

chairman of the TUC Employ-

ment Policy Committee. In these two roles Mr Keys

has conflicting interests, in representing both the more

militantly anti-closed shop

printing unions, and the general interests of the TUC.

The delaying of the docu-ment's publication tem-

porarily resolves that conflict.

Any attempt hy employers to run ballots on closed shops

(almost universal, and strong

in printing) will face indus-

trial action, down to refusal to print ballot forms.

• Attempts by employers to abide by the clause in the

Bill making it unlawful to

discriminate against non-union companies in awarding contracts will provoke indus-

nominees

The print unions say that:



BLOW TO UK SUPPLIERS AS £280m SWITCH TO COAL IS DROPPED

Brazil cancels power project

British Government that a tor to NEL £280m coal project in which Northern Engineering Indus- Santa Cruz project—the hightries and Kloeckner UK are the light of two Government level main foreign participants has

The conversion of the 600 megawatts Santa Cruz power Biffen, Trade Secretary designed station in Rio de Janeiro - to follow up the agreements Brazil's largest — from oil to reached in principle between coal-fire will no longer go the two countries last October. shead. In consequence, the associated development of the embarrassment all round—and technology is also likely to be abandoned.

Kloeckner UK, the London subsidiary of the West German company, would have been the contractor responsible for the development of the Prospera

NEI International Combustion, the Newcastle-based export subsidiary, was to be responsible for the conversion of the power station from oil to coal, and the supply of associated equip-ment with Woodall-Duckham, the Babcock International sub-

Bank lending

to industry

rise rapidly

biggest increase for 11 years.

The increase is partly caused

But the underlying growth of

business demand for credit is

causing the authorities some

concern, as it is occurring when

bank borrowing by the personal

The growth compares with

months, the largest increase in

absolute terms since the Bank

of England started compiling

the current series of statistics

in 1975. Assessment of the

latest figures is complicated

because there have been changes in the number of

lenders following the introduc-

tion of the new monetary sector

last November. This bas led to a break in the series.

strong growth in underlying

demand is reflected in a big

jump in acceptances which rose by an estimated £2bn, or 38 per

cent. The Bank's heavy inter-

vention in the money markets has led to a decline in bill

yields relative to other forms

of lending and this has en-couraged borrowers to switch

to cheaper forms of bill finance.

For the first time for some months the growth in bank lend-

ing has been very widespread

and not confined largely to the

personal and aervice sectors. Apart from metal manufactur-

ing, all categories of manufac-

quarterly bulletin last week, asid there were signs that the rate of

Also, the Bank of England's

turing showed increases.

remains disquieting."

loan demand.

None the less, the change in the series cannot hide the

Part of the rise in loan

and service sectors is also grow-

by companies borrowing to pay

lected during the period.

ing rapidly.

starts to

The decision to drop the protocols signed in London last year—comes on the eve of a visit to Brazil by Mr John

To relieve the considerable Prospera coal mines in the make up for what one of the southern state of Santa British participants described Caterina with the aid of British yesterday as a "major loss" yesterday as a "major loss"—frantic efforts are being made to find a substitute project of roughly equivalent value. The British side believes a firm project will be indentified by Brasilia in the near future.

Differences between the Planning Ministry and the Ministry of Mines and Energy, over bow to proceed have so far beld up the formal notification of the cancellation decision to the Britisb consortium and their financiers.

BRAZIL has unofficially told the sidiary, as a major sub-contrac- cluded £10m in British Govern- for the political implications ment aid from the fund administered by the Department makers win export orders. Whether this aid allocation can be switched to a new project at short notice is uncertain.

Falling world oil prices and responsible for the dropping of Santa Cruz. Last year, elec-tricity consumption fell 11 per cent in the regions supplied by Furnas, the local power authority, which also this month bas brought on stream Brazil's first nuclear power station. Angra I, after many years delay, Angra I has a capa-city of 626 Mw.

The expensive conversion of the Santa Cruz power station, involving the supply of four new boilers and the conversion of two existing units, was look-

announced an overall slowdown of Trade and the Overseas of its energy installation probelp hard pressed British ambitious in the world, in makers win arrangement administration to gramme, perhaps the most belp hard pressed British ambitious in the world, in makers win arrangement and the makers win arrangement and the makers win arrangement and the makers win arrangement and the makers win arrangement and the makers win arrangement and the makers with a second and the makers with a second and the makers with a second and the makers with a second and the makers with a second and the makers with a second and the most a recession and new forecasts of much lower growth rates in electricity consumption over the next two decades.

In the long term, the blow the lower long-term estimates of abandonment of this project electricity demand in Brazil are might give to Brazil'a once highly ambitious coal mine development plans, in which Britain has showed considerable interest over the past two years, might be serious.

Coal gasification plans promoted by Britain have effec-tively been abandoned. The prospect of a gas pipeline from the southern coalfields to the industrial region of San Paulo also looks remole.

The official goal of producing 27m tonnes of coal a year by 1985 has been progressively reduced. Most Government nanciers. Lloyds Bank ing increasing uneconomic. It officials now speak in terms of nternational.

Financing for Santa Cruz increasing uneconomic. It officials now speak in terms of an output of between 9m and celled earlier if it had not been 13m tonnes, by that date.

Sharp fall in gold price could cut UK official reserves by \$2-3bn

UK BANK lending to manufacgold and foreign currencies, off devaluation, due to be published this week. The bullion turing industry is starting to rise rapidly. In the three months to are expected to show a fall of mid-February, it rose by an estimated £1.1bn, or 7 per cent, its about £2hn in delayed taxes, col-

three years ago.
Other countries in the EEC with much higher gold reserves than Britain have been hit even harder by the slide in the bul-Hon price, which has fallen 20 per cent over the past three months and 40 per cent over the last year.

The reserves of France and Italy — which like Britain use After adjusting for seasonal factors, bank lending to the private sector rose by an estimated £4.7bn in the latest a market-related price for valuing their gold boldings — have weakened considerably. Belgium has also been hit -

indirect reason for the weak- twice as much ness of French, Italian and The gold va £3.9bn in the preceding three ness of French, Italian and Belgian currencles within the Buttain—a 25 per cent discount towards the end of last week European Monetary System.

THE SLUMP in the gold price resist downward pressure on has led to a sharp fall in the their currencies. Gold's price value of Britain's official slide has thus reduced the reserves. The latest figures for "ammunition" available to the Government's holdings of weaker EMS countries to fend

The bullion will be reflected in the about \$2 to \$3bn, the higgest monthly decline since the Conservatives came to power nearly currency holdings.

The figures will be published with the normal monthly reserve statement on Friday. It will also show an additional significant decline brought about by the rise in the dollar against Britain's sizeable holdings of non-dollar currency reserves over the past 12

Britain owns about 740 tonnes of gold, of which 20 per cent is valued separately under EMS three-month period covered by the Bank of England's quarterly analysis of bank advances, published in the EEC.

The March reserve figures will be described to the highest times Britain's: France has four times Britain's: France has four scale Bank of England interventions. arrangements. In contrast, The falling gold price is an times, Italy three and Belgium tion to brake the slide of the

from market values—looks when the pound fell below \$1.80. European Monetary System.

EMS credit rules effectively allow member countries to mobilise part of their gold holdings at market prices to with the price of about \$385 when the pound tent below \$1.50. But the amounts were limited, in line with the Government's policy of restricting Intervention to "rate-smoothing" operations.

used over the past 12 months. The exact figure will depend on the actual gold price on March 31, but a decline of this scale would lead to a reduction of more than \$2.5bn in the value of the gold reserves. Britain's total reserve holdings

at end-February stood at \$23.2hm. The March drop is the sharpest since the general elec-tion, and takes the reserves to the lowest level since Mrs Thatcher became Prime Minister-although they will still be five times the size during the 1976 sterling crists.

The decline in the gold valuation is ironic, since Britain-apparently alone among EEC countries—has been making small purchases of gold in the past 12 months to take advantage of cheap buying opport-

 Breaches of the legislation should not be defended in insince the TUC has already committed itself to withdraw pound against the dollar this tribunals in cases arising from the forthcoming Act. • The TUC should not use any part of the film "war chest" it is collecting from

unions to pay fines. The print unions will have strong allies on the Left of the Labour movement. conference on Saturday hy the Ilaison Committee for the Defence of Trade Unions, which includes Left-wing officials, conveners and shop stewards, called for a mass

lobby of the April 5 conference of union executives called by the TUC to coordinate response to the legistoughen its stand.

Tebbit's trial of strength, Page 7

Weather UK TODAY

GENERALLY warm after initial cloud and fog patches. Sunny periods with scattered showers

developing later.
England, Wales, N. Ireland
Warm. Cloud and fog patches
giving way to sunny periods
and scattered showers. Max. 11C to 14C (52F to 57F). Scotland

Sunny intervals, scattered showers. Max. 8C (46F). Outlook: Mostly dry and sunny with some showers. WORLDWIDE

THE LEX COLUMN

Debentures thumb a tax-free ride

clear that they will not obey visions in the proposed em-ployment legislation, and Even among those no longer interested in the course of the expect to be first in line of money supply, the level of bank fire from the Government if lending in the past few months will have raised a few cycbrows. the Employment Bill becomes That the total should be high is no surprise: the clearing In a TUC briefing con-ference of senior union officials last week print union banks continue their push into the housing market, and lively officers caused some dissen-sion by telling the conference demand for credit is a natural corollary of the tax-gathering season, especially this year sion by telling the conference that they believed the TUC proposal to fight the legisla-tion di duot go far enough. They said they would go much further, and expected other unions to support them as the movement's shock when receipts are swollen by the process of catching-up from the Civil Service strike.

All the same, sterling lending to the UK private sector running at up to £2bn a month. seasonally adjusted, is unusual and disturbing at a stage of the husiness cycle when working capital demands should be relatively modest.

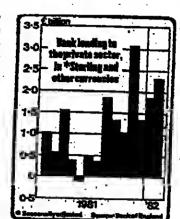
Arbitrage

Nor is the picture getting any hetter. Stockbrokers L. Messel for example, are forecasting sterling bank lending of £2½bm or more in the March banking month, which is not an implausible figure given that the Bank of England's bill holdings rose by about £2bn in

Some of the excess lending may be attributable to arbitrage in the money markets, the familiar round-tripplng which has been distorting the British monetary aggregates upwards for years but which never seems to be unwound.

The problem is that in order to encourage a flow of commercial hills large enough to lubricate its enormous openmarket operations, the Bank of England is obliged to make bill finance attractive. But once the and reinvest the proceeds in an interbank deposit of the same maturity, or a high-yielding cerinficate of tax deposit.

A more complex form of arbitrage involves the foreign dollars can draw a sterling bill, convert the proceeds into dollars and hedge his position on the forward exchange market. The three-month sterling/ dollar rate is theoretically set at a level that makes this arbitrage unprofitable. But if the three-month swap is calculated with reference to the difference hetweeo eurodollar and euro-



sterling, then the transaction provides cheap dollar finance. These games should stop as soon as the cost of bill finance comes back into line with other

forms of borrowing, which ought to happen as the tax season runs off next month and the Bank stops being a net buyer of bills. It really cannot happen soon enough, since—as Greenwells first pointed out the Bank is running out of room to buy bills. The Issue Depart-ment's holdings of private sector paper mow fill roughly three. quarters of its balance sheet; like the commercial banks, the Bank has run out of government debt to replace with private sector paper. The cushion of liquidity has no stuffing left, No doubt some way could be

found to circumvent the problem. The National Debt Commissioners, the authorities' chosen vehicle of regulatory expediency, could become a billbuyer of last resort, or some sort of direct controls could be put on bank lending. But an article cost of hill finance is set below in the latest Bank Quarterly the level of the interbank mar. Bulletin, a belated oblituary for ket, it is possible (subject the corset scheme, expresses always to the need for hills to scepticism about the use of any be backed by some underlying such controls. In any case, trade transaction) to issue bills cosmetic "solutions" are not Everyone's favourile way out

the present situation is to get the debenture markets going again. If companies issued bonds to repay bank borrowexchanges. A British company ings, the authorities would no wishing to horrow three-month longer need to perform their npside down meanity trans-formation of borrowing 30-year interest departments) are so linked market to re-invest in one-week company hills. Messel's now lends its sup-

age companies to issue, if not conventional bonds, indexsterling rates, and eligible bills coupon deep-discount bonds. account of yield a good deal less than euro- For this to be worthwhile, a indexation. coupon deep-discount bonds, account of the extension of

offset its steadily-rising redemp-tion liability against tax. as though it were an interest cost. But there are several difficulties. First of all, even with some help from the taxman, a debensure merket will no necessarily arise spontaneously at a certain level of interest rates. Messel's points out that in Germany, for example, where inflation is low and interest rates stable, the corporate bond market has been comatose for years. The banks simply do a better job of financial intermediation than the capital merkets (even if some banks' shareholders, looking at mis-matched loan books and divi-

dend cuts, might not agree). Secondly, although the Inland Revenue ran away from the inflation accounting problem in its corporation tax discussion paper, its general desire to retain fiscal symmetry is under-standable. The promolers of index-linked debt for companies are asking for its capitel appreclation — the inflation compensation element, at least — to be treated as capital gain in the hends of the investor and intarest in the books of the borrower. That sounds a bit much; taxation is about equity,

Tax losses

There is also the more general question of whether it is sen-sible to throw yet more tax reliefs at the corporate sector with the highest lax losses per caput in the world. Neutrality of fiscal treatment could be achieved by removing some tax relief from conventional borrowings just as well as hy giving tax breaks to index-linked or zero-coupon debt. After all, in inflation accounting terms, a substantial chunk of the interest paid on bank borrowings amounts to accelerated repay-ment of capital — which should arguably not be allowable for

Perhaps it all comes down to opportunity cost. The yield on mainstream corporation tax is so low, and the benefits claimed great that it may well be worth maiding some changes. But tinkering about to promote some new instrument or other port to the argument that tax is quite likely to throw up breaks are necessary to encourdistortions somewhere else. distortions somewhere else. What is really needed is further overhaul of an increasingly linked debeutures or low- patched-up tax system to take

Oil wealth 'will not hit industry'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE TREASURY has published wealth must lead to a large con-traction in the relative size of North Sea oil has therefore the manufacturing sector. In a working paper published the rapid decline of the manu-this week-end a team of officials facturing sector in the last few says some estimates of the years."

effects of oil revenues on raising the exchange rate have probably been excessive. They suggest that only about trails the sharp rise of sterling in 1979 and 1980 can be

attributed to the effects of oil revenue. This is much more cautious than those who believe that most of the 27 per cent appreciation of sterling in 1979 and 1980 reflected increasing After the rise of sterling in

destocking fell sharply in the second balf of last year and this together with delays caused by the winter weather-may have added to companies' need to indirectly put a squeeze on In spite of these factors the Bank'a bulletin remarked that manufacturing.

The Treasury paper says:
"There is a widespread belief
that the possession of North Sea the underlying rate of growth of business demand for credit oil, although accounting for As in previous quarters, the only 4 to 5 per cent of gross national product output, requires major adjustments in the rise in lending to individuals was concentrated largely on lending for house purchase. structure of the economy.

a firm denial of the "widespread that there needs to be a large world oil prices accounted for belief" that Britain's new oil contraction in the relative size to to 15 per centage points of the manufacturing sector. been seen as a major factor in

> However, the Treasury team says, these ideas are based on the assumption that oil prices will stay the same in real terms. But this bears little relation to what has bappened or what may bappen, relative to past trends, in the structure of output.

The paper argues that an increase in North Sea oil production at constant prices would require a shift of national resources from manufacturing to North Sea investments. But After the rise of stering in that period manufacturing output fell 14 per cent between the end of 1979 and the end of last year. This bas reinforced the idea that North Sea oil increase manufactuating resources to help pay the higher energy prices. require a country without its higher energy prices.
In the UK the two effects

partly cancel each other out, the Treasury team believes. It estimates that there would be some spill-over effect which would tend to raise the exchange rate and restrain the manufacturing sector.

Treasury model of the economy, 1RB,

"In particular, it is argued that in 1979-80, the rise in exchange rate. This would reflect inflow of capital from other oil-producing countries and the benefits to the balance

> On balance, it says North Sea oil may bave belped "crowding-out" of manufacturing production, but the effect would be much less than suggested by earlier analysis. The Treasury's working paper

is broadly in line with the conclusions of a special article in the Bank of England's Quarterly Bulletin last week.

The Bank is more emphatic in its view that appreciation of sterling is due largely to other factors than the effect of North Sea oil production.

It says a contraction of the industrial sector is not neces-sary, and that since North Sea oil is a waning asset, increased investment io manufacturing might be prudent

North Sea Oil and Structural Adjustment (Treasury Working Paper No. 32) Committee on Economic Reserch and Trainector. ing, Civil Service College, 11
It calculates, using the Belgrave Road, London SWIV

Stone-Platt division may be sold

Continued from Page 1 BY JOHN MOORE, CITY CORRESPONDENT

El Salvador

However, there are signs that

the growth of other types of

personal lending is alackening.

TSB profits fall, Page 5

number of potential voters should be between 2m and 21m. No responsible observer predicts, however, a turnout of more than 900,000 people, and many say that the number voting will not exceed 500,000. The lower figure would make it difficult for anyone to claim much effectiveness for the election, though Dr Bustamante said that the poll will be valid. if more valid votes are cast than invalid ones.

Labour leader Mr Michael Foot attacked Prime Minister Mrs Margaret Thatcher for send British observers to the El Salvador election.

MR ROBIN TAVERNER, former managing director and chief headquarters at Crawley in of the division. textile machinery and engineering group which went into Receivership earlier this month. is attempting to buy the group's

Mr Taverner is attempting an ambitious management buyout, working with two other former Stone-Platt executives, one existing executive, and an

Potential backers for the buyout have already been sounded. out, and some have given approval in principle.

Mr Taverner said yesterday: We would not be this far down the road if we had not received encounagement."

Surrey, produces air-conditionthe accountants, were approached by Mr Taverner as soon as the Receivership was

announced. Mr Taverners team has been seeking information from the Receivers, and has been advised by Candover, the management buy-out specialist founded by Mr Roger Brook, ex-EMI chief

on turnover of £47.4m. It is understood that GEC, Hawker a "wboll Siddeley and Laird Group have arrangement."

The management buy-oul ing systems for railways. team received a prospectus
Joint Receivers, Mr Bill from the receivers on Friday, Mackey and Mr Bill Roberts, relating to the operations, but it Mackey and Mr Bill Roberts, relating to the operations, but it partners of Ernst and Whinney, awaits further details relating to the overseas operations. It proached by Mr Taverner as will be another formight at the earliest before the team will be able to report its plans to the hackers.

Mr Taverner resigned from Stone-Platt last October. He had been appointed chief executive early in 1980. Mr Leslie Pincott hecame non-executive cheirman executive. in November 1980, but soon took
The electrical division made over the direction of the com\$4.3m profit before tax in 1980 pany's affairs. Mr Taverner left

| the later in what was described as later in what was described as amicable

The electrical division, with expressed interest in all or part

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NEWS REVIEW COMPUTERS Argus registers shipping

Ferranti telecontrol for **Electricity** Board

Telecontrol systems, built by Ferranti Data Systems Group, Edinburgh, will monitor and control seventy 132 kV sub-stations operated by the East Midlands Electricity Board. Eight multi-micro telecentrol bubs link outstations to CEGB and EMEB control centres — a highly ers. effective system everence the necessity for deptimine end-

Photo-diode Ferranti Electronics has in-

troduced electric high performance intra-red photo-diod.
The BPW41D provides very high morelength rejection below 700nm eminents su able for remote control and data transmission, Briefly . . .

A low cost, tactical and remote electronic early warning sensor system, PEWS (1 altour Early Warning

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agents have been apprented to sell energicate measuring machines, built in Dalkeitn ov Ferranti Section Croup, Connectors, would amounted continuncats, photo-mirdes, pages marristors and high newer introducts manufac-tured by Forganti Professional Components Depart-ment and Ferranti Electronics will be displayed at the All-Electronics Show

The Ferranti CS7 is an has installed a computer composing system for Lloyd's advanced computer - aided composing system, designed to cover the full range of Register of Shipping at its rinting house in Crawley, West Sussex. To be used mainly for composing books published and printed by Lloyd's Register, the system modern printing requirements. It provides access to the full selection of facilities available on modern photo typesetters and performs all the tedious repetitive calculations associated with composition leaving the composition will also provide typesetting for magazines, orochurea and around 1,000 forms. Based on the Ferranti Argus typographical skills. 700G Computer, the CS7-15 composing system has six The CS7 is also a nowerful visual display terminals. 19-inch page make-up display, two 64-megabyte disc units, a

management informatioo system. After input, material may be edited, reprintated and combined freely and easily to create alternative versions for different chitions." from the some bode text.

O UNDERSEA

tape reader and a control

printer. The system also includes an on-line drive to

a Compugraphic Sees whate-

Ultrasonics Aid search A diver-operated hand-beld Play and on the surface. The

mirasonic forch developed in a programme spensored by the Department of Energy's of an officers pladern can Gishore Simplies Office will be checked reliably, be monutactured under the latch has Ben fully said. be inpuniactured under licence by Forranta Consenter offshore operators and one tractors, the Harwell Ulliasome Torch will promit rand starcb of underwater struc-

When positioned in the representative vicinity of an underwater weld, the terch ands back signals via cable

Systems. Designed for one by Itials on offshore platforms and has been designed to cocrate down in deaths of 200 metres. It will be launched at the Offshore Technology Exhibition and Conference at Houston, Texas in May this year. Marketing will be carried out by Ferranti Offshore Systems in a data processing and dis- Limited of Abordeen

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The good news is RERRANTI Selling technology

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